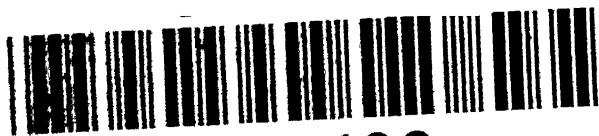


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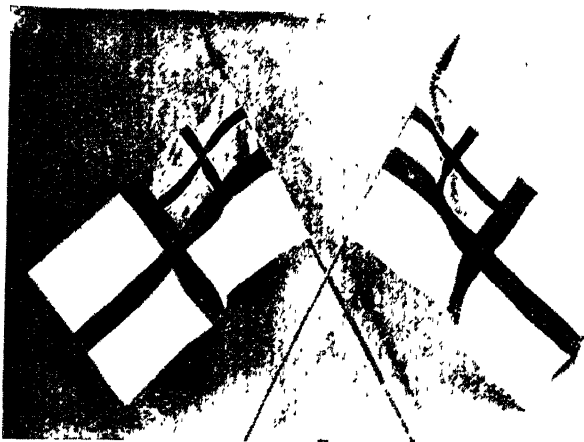








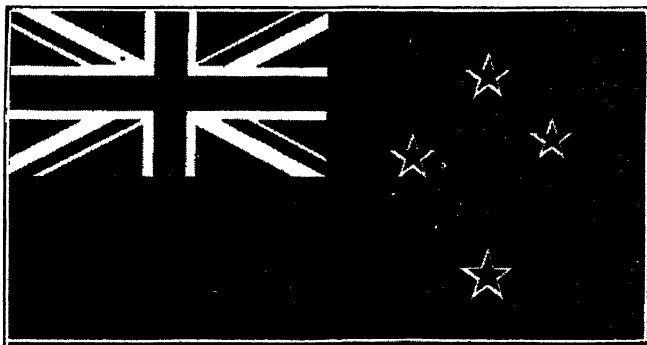




#### THE "NATIONAL STANDARD" GRANTED IN EARLY DAYS

*This flag is red, white and blue—four white stars set in blue in the upper staff corner, two red crosses and the rest white.*

*In the early days before New Zealand was annexed to the British Empire, vessels built in the Islands were liable to seizure at any time, as they had no flag of their own and were not allowed to carry the British ensign. So this "National Standard" was presented to New Zealand by the British authorities. After that, any vessel having a register from a native chief, countersigned by the British Resident, and hoisting this National Standard, was allowed to trade to all "His Majesty's ports," and had a right to the protection of the flag of England. After annexation this flag of New Zealand continued to float by the side of the union jack, the imperial flag of the British Empire.*



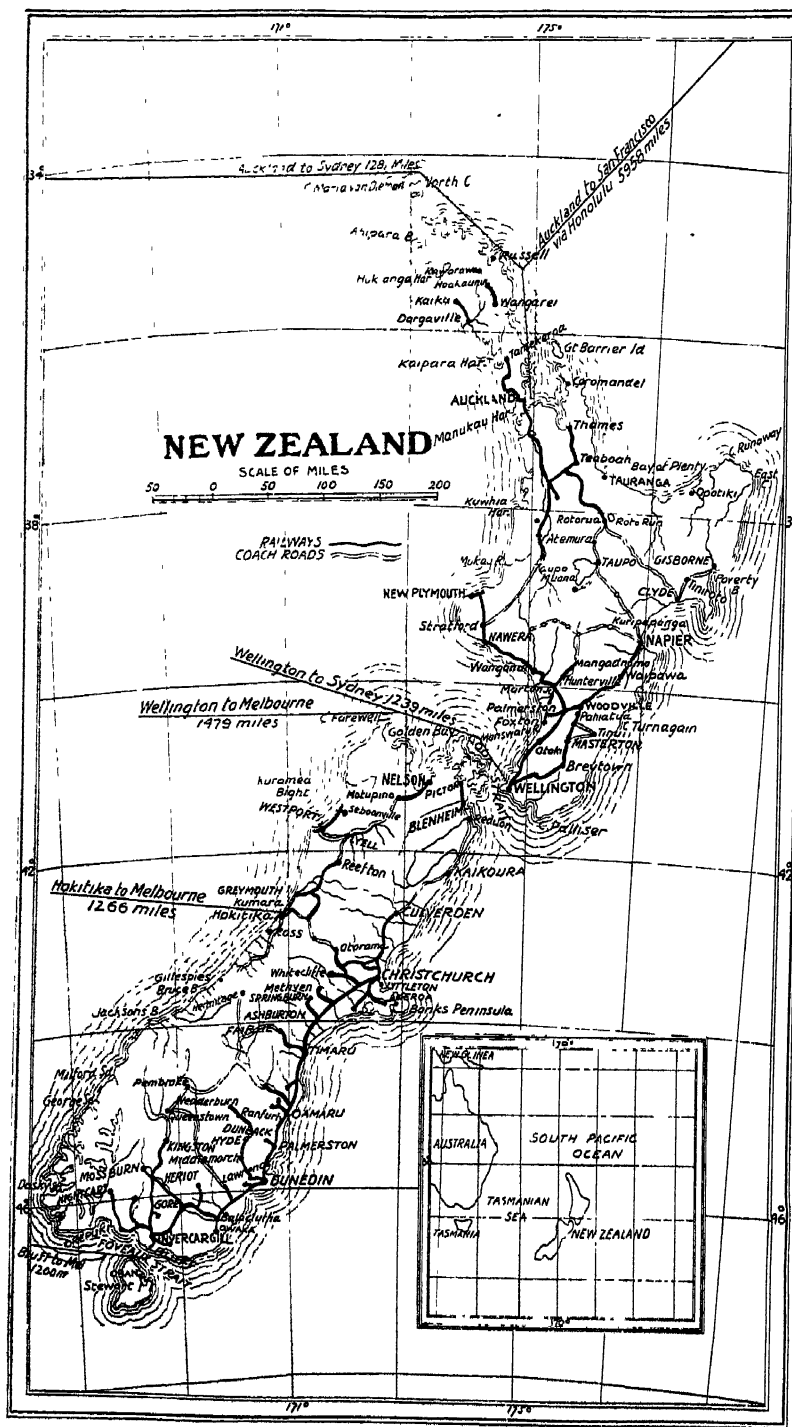
#### THE NEW ZEALAND ENSIGN OF TO-DAY.

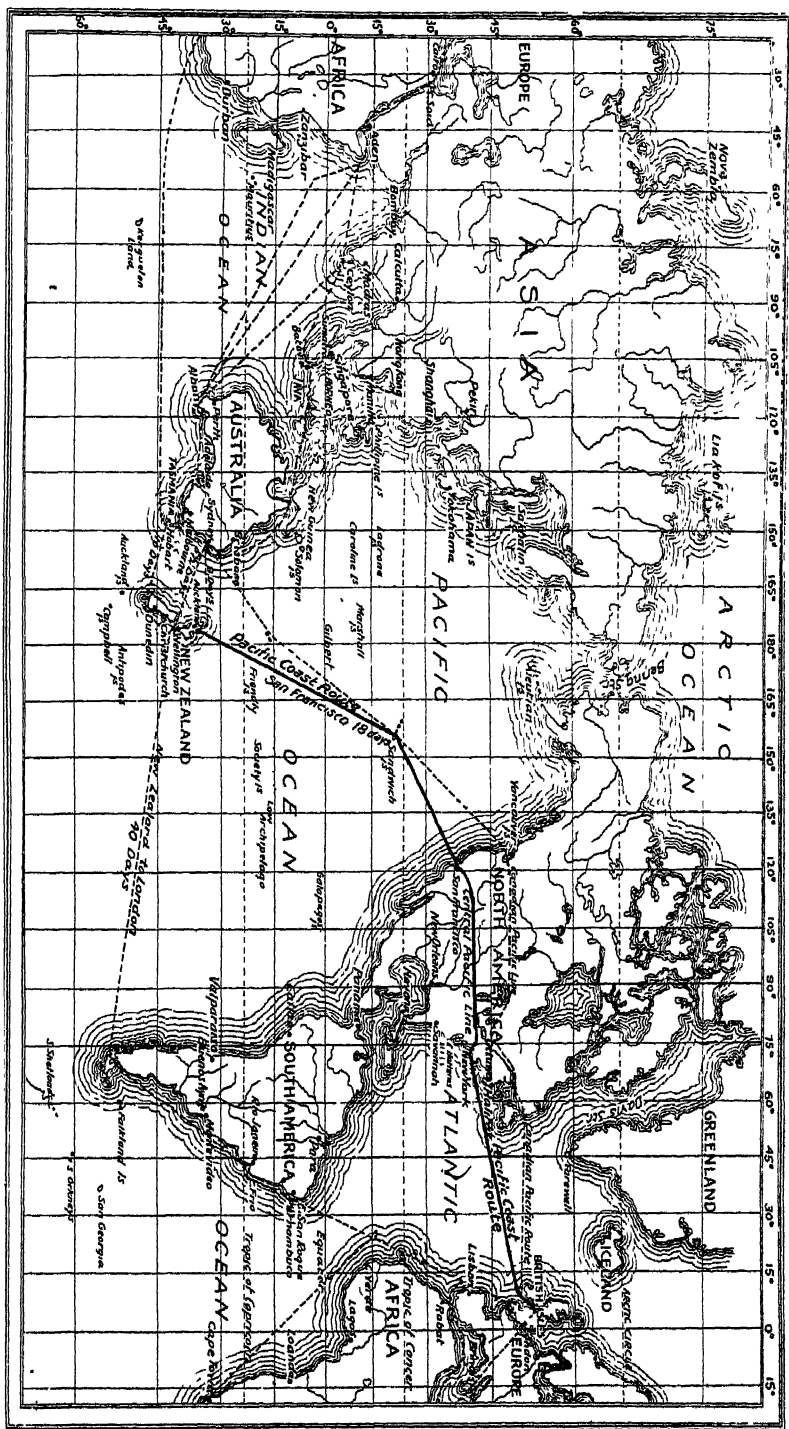
*The cross and the stars are red with white edges; and the rest blue. The following sections of "The New Zealand Ensign Act, 1901," describe the flag and its use:*

*"2. The New Zealand ensign shall be the blue ensign of the Royal Naval Reserve, having on the fly thereof the Southern Cross as represented by four five pointed red stars with white borders.*

*"3. The said ensign shall be the recognised flag of the colony for general use on shore within the colony, and on all vessels belonging to the Government of New Zealand, or which are from time to time permitted under an Admiralty warrant to use the same."*







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A HISTORY OF NEW ZEALAND  
FROM THE EARLIEST TIMES TO THE PRESENT  
WITH SPECIAL REFERENCE TO THE  
POLITICAL, INDUSTRIAL AND SOCIAL  
DEVELOPMENT OF THE ISLAND COMMONWEALTH;  
INCLUDING THE  
INDUSTRIAL EVOLUTION DATING FROM 1870, THE POLITICAL  
REVOLUTION OF 1890, THE CAUSES AND CONSEQUENCES,  
AND THE GENERAL MOVEMENT OF EVENTS  
THROUGHOUT THE FOUR PERIODS OF  
NEW ZEALAND HISTORY.

BY

PROF. FRANK PARSONS, PH.D.

Of the American Academy of Political and Social Science, Director Department of History in the  
Bureau of Economic Research, Washington, D C, Member of the Boston Bar, and for  
twelve years past a lecturer in the Boston University School of Law, author of  
"The City for the People," "The World's Best Books," "Great Move-  
ments of the 19th Century," "The Power of the Ideal," etc.

EDITED AND PUBLISHED

BY

C. F. TAYLOR

EQUITY SERIES

1520 CHESTNUT STREET, PHILADELPHIA

1904

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We have copyrighted this book simply to guard against *unreasonable* use of it. Any fair use of its contents will not only be permitted but welcomed. We have no wish to put any obstacle in the way of the widest possible dissemination of the information contained in this book, but there are uses which the user knows are not fair, and it is against such unconscientious uses, and only against such uses, that we wish protection. We earnestly hope that the press of this country will extend as widely as possible a knowledge of the facts concerning New Zealand's remarkable politico-industrial development, and we invite writers and speakers to make use of the information herein contained for this purpose.

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## THE REASON WHY.

During some years past we have been hearing strange and interesting reports from the progressive commonwealths of the South Pacific, particularly New Zealand. These came usually in the form of newspaper reports and magazine articles, necessarily disconnected and incomplete. I talked with Mr. Lloyd just previous to his journey thither to inspect for himself, and report on the "legislative novelties" there, and I looked forward eagerly to the appearance of his book, which proved to be a delightful one, which gave a thirst for *more*, particularly the story from the beginning, showing the whole course of events, with their causal relations.

When we learn that since 1890, in a country much like our own, peopled by Anglo-Saxons, policies have been adopted which turn the developing forces away from the production of millionaires and paupers, and toward the diffusion of wealth among the people who create the wealth; which have substituted industrial peace for strikes and lockouts; which have reduced the rate of interest to a low rate; and which have done and are doing more than has ever before been accomplished for the masses of the people, we must realize that New Zealand has an important message for the rest of the civilized world.

It was my desire that this message should be presented in an easy, attractive, and yet reasonably complete form, with special reference to causes and sequences, in order that the understanding of the reader might be reached and satisfied. A historical basis and a true historical perspective is necessary to such understanding; and history must be honest, impartial and clear. It has been our effort to fulfill all these requirements.

I have been very fortunate in securing the services of Professor Parsons for this work. His marvelous industry, his talent for patient, yet rapid and discriminating investigation, and his great power to present facts clearly and tersely, yet

logically and powerfully, are well known to the reading public of this country; also his masterly grasp of large masses of facts, and his faculty for presenting them in their true relations. But his extreme conscientiousness in testing every fact, even tho it may seem small and unimportant, before presenting it as a fact, is known only to those who have worked with him. This places his facts on an unusually high plane for reliability.

The public debt and the results of the labor laws of New Zealand have been seemingly misunderstood by a large portion of the press of our country, leading to extensive circulation of inaccurate reports concerning the same. We have sought to obtain and present *the truth*, fully and accurately, about these things, as well as about all other things. I hope that the press of our country will circulate the actual facts concerning New Zealand as industriously as a certain portion of the press has circulated error.

C. F. TAYLOR.

Philadelphia.

## AUTHOR'S PREFACE.

Altho New Zealand moves at the head of the procession in politico-industrial progress, and the gaze of the civilized world has been focused upon her for years, no adequate account has been given of the laws and institutions that have established her preeminence, or of the process by which they have been evolved. A great deal has been written, and much of it is very interesting and valuable, but as yet there is nothing from which one may obtain a clear and comprehensive conception of what has been done in the New England of the Southern Hemisphere and why it has been done—the current of events with the reasons and results, causes and effects, that make up the story of New Zealand from the standpoint of political, industrial and social development.

In view of this condition of things, Dr. Taylor asked me to prepare an account of New Zealand's development, under the title "The Story of New Zealand." In carrying out the order, I have examined over 300 volumes, including the Official Year Books, Parliamentary debates, statutes, reports of departments, and other publications of the Government, a large number of historic and descriptive writings, and many special magazine articles. Personal communication with New Zealanders and students of New Zealand, both by conversation and correspondence, has also been of much assistance. I owe most in every way to the Hon. Wm. Pember Reeves, the first Minister of Labor in New Zealand, author of the famous arbitration law, and now Agent-General for the Colony in London; Henry D. Lloyd, our great publicist and investigator;\* the Rt. Hon. Richard John Seddon, Premier of New Zealand; Chief Justice Stout; Hon. Wm. Gisborne; and Hugh H. Lusk.

Friends finding me working on New Zealand, have remarked in varying form: "I thought that subject had been pretty well covered by Lloyd and Reeves." The fact is, however, that admirable as the work of these and other writers undoubtedly is, it is very far from "covering the subject." A person entering a library devoted to works relating to New Zealand, and seeing the writings of Reeves, Gisborne, Lloyd, Lusk, Walker, Epps, Métin, Siegfried, Irvine & Alpers, Sherrin & Wallace, Jenks, Mennell, Grey, Vogel, Fox, Rusden, Wakefield, Cook, Angas, Yate, Dieffenbach, Polack, Tregarthen, Butler, Saunders, Davis, Mannering, Jacobs. Shoemaker, Sewell, Russell, Trollope, Wallace, Williams, Payton. Cruise, Buller, Brees, Robley, Travers, MacDougall, Stout, Tregear, Ber-

---

\*Since this preface was written, Mr. Lloyd has passed away. In the midst of his earnest work for truth and justice he sickened and died. The personal loss to his friends and the public loss to this country and to the world are equally irreparable, and beyond expression. I have not felt the loss of any friend so deeply since the untimely death of Phillips Brooks. He was one of the sweetest and noblest of men. The beautiful words quoted from our prose-poet in the chapter relating to the death of Premier Ballance are applicable to our great champion of justice also.



tram, Dilke, Froude, FitzGerald, Green, etc., etc., and the long rows of Government publications, shelves upon shelves full of them, might at first quite skeptical of the need of further writing upon this subject. Yet is it not possible that the very multiplicity of books indicates the desirability of condensing into reasonable compass the most important facts from all, so that one may not have to read a library in order to get a comprehensive view of the history of the country? When we add to this the fact noted above that previous writers have left practically untouched a most important field of original research, relating to the evolutionary aspect and causal relations of New Zealand's institutions, the need for a new work seems clear.

Aside from Parliamentary records and Government documents, I have found the most valuable materials in the works of Reeves and Lloyd, which I have freely drawn upon along with all the rest, and hereby acknowledge my indebtedness. Much that is more or less similar, however, in the various works in question, including this book, derives its similarity, not from direct descent but from the fact of a common ancestry. By necessity a large part of any such discussion must come from official records. One day while Mr Lloyd was working on his "Newest England" I was talking with him about my own studies of New Zealand and asked some questions he could not answer, whereupon he said: "Why don't you dig it out for yourself from the *Hansard* and other Government publications? That's what I'm doing." And that is what I have done, using also, with Mr. Lloyd's kind permission, the records of his personal observations, with all other available materials, but with this fundamental difference, that while Mr. Lloyd aimed at picturesque descriptions of existing institutions with no attempt at historic narrative, I have tried to bring out the sequence of events, and the growth of thought and action, tracing the progressive movement to its sources and disclosing the causes and consequences of the Liberal development, as well as giving a clear idea of each of the novel laws and institutions that have made New Zealand famous. Similar remarks apply to the relations of this work with Mr. Reeves' "State Experiments in Australia and New Zealand," with the further point that facts concerning all the colonies of Australia are mingled by Mr. Reeves with those relating to New Zealand, in the same chapter and paragraphs, while here, except for a few side remarks, we do not attempt to deal with Australia. Thus it happens that this book, tho condensing what seemed to me the best from a wide field of research, is not in any sense a substitute for the works of Reeves or Lloyd or any previous writer upon New Zealand. The scope and method here are wholly different from theirs. Their books are mainly descriptive. The purpose here is perspective, growth, development—to show the chief political and industrial facts in their true relations, to bring out the how and the why and the when as well as the what. Many things in this book do not appear at all in the others, while other things that are dwelt upon at length by Lloyd or Reeves or Lusk, etc., are barely mentioned or totally omitted here. For example, we must go to Reeves' "Long White Cloud" for a history of the Maoris and their wars, and the details of Governor-

ships and Parliaments, etc.; to his "State Experiments" for the best comparative study of progressive institutions throughout Australasia; to Gisborne's "Rulers and Statesmen," for the fullest biographic details; to Lusk's "Our Foes at Home," for a picture of American trusts and governmental methods as seen by a New Zealander in the light of his colonial experience, and to Lloyd's charming "Newest England" for a full account of his personal observations in New Zealand.

The student will find it greatly to his advantage to have these works, and we recommend also Gisborne's "Colony of New Zealand," Sherrin's "Earliest Times," MacDougall's "Conversion of the Maoris," Cassell & Co's "Pictorial New Zealand," the works of Walker, Jenks, Irvine and Alpers, the Official Year Books, the Awards of the Arbitration Court, and the Parliamentary Debates (see Bibliography, in the Appendix). To all these and many others we are much indebted, and tho we have gathered a great deal of honey from them there is plenty left to repay the search of the sociologic bee-hunter who has the time to devote to it.

As to the attitude of the various writers: Mr. Lloyd's books are written from the standpoint of enthusiastic championship of the Liberal development of New Zealand; Siegfried is steadily critical without being ill-natured or severe; the sketches of Walker, Jenks and Métin are intended to be impartial; and Reeves is as impartial as it is possible for a man to be who has been immersed as a leading actor in many of the events of which he writes—the degree of success attending his effort at impartiality as tested by comparing his statements with independent data from all available sources of information, is truly astonishing. For our own part, we have aimed simply at a clear and forceful statement of the facts in their due order and relationship. The shortcomings of New Zealand are revealed as well as her strong points; let the facts speak for themselves.

The best histories have usually been written by men far removed in time and space from the scenes they described. One cannot be in equal personal touch with all the events of a long period, nor even with all the leading facts of the present day; and if he gets a part by personal impression and the rest by sifting masses of evidence, the symmetry and perspective of his work may be disturbed.

The writer has kept this psychologic fact in mind, and has tried to preserve the true proportions and present the facts with due regard to their relative importance as measured by the perennial standards of justice, public good, progressive force, and permanent value to humanity.

While examining the startling contrasts between political and industrial methods in New Zealand and the United States, the reader should constantly bear in mind the fact that the history of American development reveals as many strong points in our favor on somewhat different lines. New Zealand has as much to learn from the United States and England as they have to learn from her (see Civilization Tables, Part III). Each nation excels in that to which it has most earnestly devoted its attention and energy. The United States has directed its splendid vitality to the organization of private industry; England heads the list in municipal government and voluntary coöperation; and New

Zealand has devoted herself with unexampled vigor and success to the establishment of civic and industrial justice.

The greater part of this book was written in 1902, the rest, in the first half of 1903, with a general revision while going through the press in the latter part of the same year.

Our autumn, which is the spring season in Australasia, is New Zealand's usual time for doing things. Parliament convenes in the middle of the year, talks and thinks a few months, and along in October, November and December it gets its working clothes on and the new moves are made. It is too early yet for the official records of this year to reach the United States; but the cable, the press, and the letter post, give us some idea of what is going on. The establishment of State Fire Insurance has been approved by both Houses of Parliament; an Act to Increase the Graduated Land-Tax has been adopted; and a Referendum Bill similar to the one described in this book, chapter 63, has passed through Committee of the Whole and is ready for final reading in the House; (facts right in line with my forecasts, chapter 76, written eight months ago.) It is reported that a Preferential Tariff strongly favoring British trade has passed the House and is likely to pass the Senate. A Labor Bill, requiring employers to state in writing to the Labor Department any matters deemed necessary to ascertain the relations between the employer and his employees, is under vigorous discussion; and questions relating to banking, public works, secondary schools, license, fisheries, preservation of scenery, amendments of labor laws, etc., are before Parliament, several of them calling forth heated argument. As to the condition of the Colony, the Premier's letter, printed a little further on, gives the drift for the year. Reports from the Farmers' Union and Chambers of Commerce and the files of New Zealand newspapers, Conservative, and Liberal, down to November 11, 1903, the latest at hand, show that the Liberal Movement goes steadily forward; that the Colony continues to prosper; and that the Arbitration Court still disposes of industrial difficulties with the smoothness and celerity, firmness and impartiality, that make its administration appeal so strongly to the mass both of employers and employed.

A few words about the way in which the editor and author have worked together in the preparation of this and other books may be of interest here. The Doctor decides upon the subject and title and general scope and nature of the book. Then I investigate the subject and write it up, consulting the Doctor now and then during the progress of the work. The Doctor reads the MS., or I read it to him, and he makes criticisms and suggestions which are often of much value to the work. Each has a veto, so that nothing goes into the book that is not passed by both, and there is no log-rolling. In this New Zealand case my opening, down to the beginning of the chapter on Annexation, did not suit the Doctor, so he sat down and fired questions at me for the facts he wanted, and wrote the first two chapters himself. Then I turned critic and made suggestions, most of which were adopted, and afterward the Doctor allowed me to add the notes and smaller type matter about the Maoris, the description of Marsden, and a few other items. The rest of my MS. was fortunate enough to get itself adopted

substantially as presented, with a large number of valuable suggestions, nearly all of which I have carried out. The pictures and their notes were added after the text was completed. The Doctor desired that every picture should tell its own story, and I have endeavored to execute his wish.

One who has not time to read the whole book, may find the main points by taking the large type and reading the opening and closing parts of each chapter. He will get a good many ideas in this way, especially if he makes the said parts meet in the middle of the chapter every time. The selections from Parliamentary discussions and other parts of the text printed in smaller type, and also the notes, contain matter of much importance to the student.

One who is specially interested in Arbitration will find what he wants in chapters 57 and 58 and Appendix II; for progressive taxation see chapter 38 and Appendix I; for old-age pensions, chapter 67 and Appendix III; for the land question, chapters 3, 4, 5, 9, 10, 11, 18, 24, 26, 34, 35, 38-41, 44, 62 and 76; for national coal mines, chapter 71; national railways, chapters 17, 18, 31, 60, 72; nationalization of banking and credit, 15, 42-44; coöperation, 59; labor laws, 56-60, 67, 70, 72; biographic notes, 77; and tables of leading events, 73, 78 and Appendix IV; but whatever the special interest of the reader, he should not fail to read the opening chapters; the "Public Works Policy" (18), which established national ownership of the railways; "Direct Nominations" (33); the "Political Revolution" (35), when the Common People united at the Ballot Box, Swept the Monopolists out of power and obtained Control of the Government, by means of which they have made more progress toward Industrial Freedom than any other Country in the World; the "Principles Involved" (73); the "Causes and Conditions" (79); and the "Contrasts and Conclusions" (80).

Above all, I would call the reader's attention to what may be termed the curve of progress, or the upward sweep of events, in which the lifting impulses are clearly correlated with successive increments of popular control over the Government; the improvement of electoral methods, giving free play to collective ability, public interest, and general convergence upon the truth; the development of public and private coöperative spirit and action; the ripening thought of the people, due to various educational influences; the growth of a civic conscience and high ideals; the direction of a relatively large proportion of energy to the accomplishment of civic and industrial justice; and union at the ballot, not to capture the spoils of office, but to ensure the next steps, measure after measure, in the onward march, regardless of differences as to ultimates or any matters other than those clearly involved in the questions acted upon. The facts on which this generalization rests may be found in outline in chapters 73, 78 and 79, but unless the reader is already very familiar with the history of New Zealand, the full force and meaning of the wonderful upward movement, with its physical bases and political, social, intellectual and moral dynamics, cannot be thoroly grasped without a knowledge of the whole book.

Boston, November, 1902.

FRANK PARSONS.

Revised, Philadelphia, December, 1903.

*(Extracts from a letter from New Zealand's Premier, omitting matters of interest to the recipient rather than the public)*

WELLINGTON, April 4, 1903.

PROFESSOR FRANK PARSONS, Boston, Mass.

DEAR SIR:

In reference to the reports you mention concerning the failure of New Zealand's prosperity, only those who wish New Zealand ill believe that calamity has overtaken the Colony. You will see by the diagrams in the Year Book and at the end of the Labour Department report how employment, revenue, business, private and public wealth, exports, etc., have all increased of late years, and this year of 1903 most of all. As to droughts in Australia affecting us, if we could only give Australia our millions and millions of tons of waste water, the Commonwealth would be as prosperous as we are. Some financiers seem to be doubtful whether New Zealand is in Australia or in Central Africa. It is a pity that the possession of money to invest does not carry with it a little knowledge of geography.

You allude to the reports regarding New Zealand workmen being dissatisfied with the Arbitration Act. You must not forget that there are certain people (few, but much in evidence) who would only be too glad to see the Act break down and be again able to "put the screw on" their workpeople as in old days. These gladly seize on any mutterings of discontent on the part of a worker, and publish widely every word of grumbling they can induce dissatisfied people to utter. Remember that before the Arbitration Court, as before any other Court, the loser does not relish losing. When workers are refused an advance in wages, etc., they grumble; if they got the advance their employers would grumble. We cannot help that; we can only see that as far as lies in our power, justice is done to both sides. I assert that the immense majority of the industrial classes in New Zealand respect and esteem the Arbitration Act. It has raised wages, shortened hours, granted holidays, overtime, etc., and in many ways given precious privileges to artisans, while the ever-growing volume of trade and business shows that masters as well as men thrive under the Labor Laws of this Colony.

The State Coal Mines have commenced operations.

As to the late election (1902), it was of a most satisfactory character to my Ministry, as it returned 52 members for the Government, 6 Independents, and 22 Opposition.

Hoping that the information sent (Hansards, Statutes, etc.) may be of service to you, and reciprocating good wishes,

Yours faithfully, R. J. SEDDON.

*Just as the last forms go to press I squeeze in a few words of a letter received this morning from Mr. Reeves, under date of Dec. 20, 1903.*

"I have not had time to go through your proofs with any minuteness, but can see at a glance that your book is certain to be of great value, and ought to be as successful as it is interesting." I asked for criticisms, and he says: "I see nothing to object to, except that your remarks about myself are a great deal too complimentary."

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# INFORMATION BUREAU

FROM WHICH

THE TRAVELER THROUGH THIS BOOK MAY OBTAIN ANSWERS  
TO A NUMBER OF SPECIAL QUESTIONS  
FREE OF CHARGE.

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Speaking broadly the period covered by this history is from the middle of the 14th century to the end of 1902, with a few facts relating to 1903.

New Zealand is in *Australasia*, but not in *Australia*, nor is it federated with Australia, but constitutes an independent Colony of Great Britain, 1200 miles southeast from Australia.

"Maori" is the name given to the Polynesian natives. The broad "a" is blended with the "o" in such a way that it sounds like Mowry.

An English pound (£), or pound sterling is about \$5 (\$4.85), and English money is translated into American money at the rate of \$5 to the £, unless otherwise stated.

A shilling (s) is 24 cents, usually translated at the rate of 25 cents; a penny (1d) is 2 cents.

The Legislative Council in New Zealand corresponds to our Senate, and "Councillor" to our "Senator."

The Executive Council corresponds to our Cabinet, and consists of the Ministers, the Premier and his colleagues, the heads of the various departments of State.

The Governor in Council means the Governor and Executive Council or Ministry.

The Governor represents England and is little more than a figurehead, except in respect to intercolonial and international affairs.

"Colonial Office" refers to the English Office of State, which has to do with colonial relations.

The Premier corresponds to our President, only he has wider functions, being not only chief executive but leader of the legislative department also.

"Boss," in the political sense in which we use the word in America has no application to New Zealand. In the Opposition press a leader who rallies his supporters and vigorously pushes measures the Opposition does not like, is called a "boss;" but he has no patronage to speak of, no party funds are behind him (there is not even party organization outside of Parliament), he cannot control nominations, for all nominations must be made by direct petition of the voters, he has no hold on the Premiership except through the continued confidence of the House which has the power at any moment to compel his retirement or an appeal to the people—his control is the control of high purpose and intellectual leadership.

Reeves, means Wm. Pember Reeves.

*Hansard* means the New Zealand Parliamentary Debates.

A Hundred is a division of a county. The English hundred originally contained a hundred families or freemen available for military duty.

P. C. means Privy Councillor, or member of "His Majesty's Most Honorable Privy Council."

G. C. B. means Grand Commander of the Order of the Bath.

G. C. M. G. means Grand Commander of the Order of St. Michael and St. George.

K. C. B. means Knight Commander of the Bath.

K. C. M. G. means Knight Commander of the Order of St. Michael and St. George.

Kt. means Knight Bachelor.

Such titles are conferred in consideration of distinguished attainments or service, but distinguished service or attainments do not always secure such a mark of Royal favor. (See Index, Biographic Notes.) These titles take precedence in England, in the order here given. All of them except the P. C. put a Sir in front of the name, as Sir Geo. Grey, Sir Harry Atkinson, Sir Robert Stout, etc. Persons having the special honor of P. C. are addressed as "Right Honorable," as the Rt. Hon. Joseph Chamberlain, the Rt. Hon. Richard J. Seddon, etc. The P. C.'s outrank the Sirs, unless the latter belong to the nobility or are Knights of the Garter, or very high officials in the Home Government.

C. M. G. on p. 153 (under Sir Harry Atkinson's portrait) should be K. C. M. G.

Chicago, 37° on p. 661 should be Chicago 47°.

1642 to 1902 on p. 799 should be 1642 to 1904.

THE HISTORY OF A COUNTRY

mainly depends

on the physical conditions, the stock from which the people are derived, the direction of attention and energy, the interactions of educative influences and institutional development, and the national ideals and habits of thought and action that are evolved thereby and in their turn

mold the future

# ❖ ════ ❖    P A R T   I   ════ ❖

## CHAPTER 1.

### A BIRD'S-EYE VIEW.

Come with us to San Francisco, and there embark for a journey of 6,000 miles to the southwest by way of Honolulu. About half way we cross the equator, and the needle of our compass turns toward the south pole. Now we are in the southern hemisphere. Our journey is uneventful until we see in the distance an uneven but inviting coast. Here let us drop anchor, and in imagination borrow the wings of an eagle and make a bird's-eye exploration of the new country.

We find that it consists of three islands, two large and one small. The northern island is a little larger than Ohio and very irregular in shape. The middle island is a little larger than Illinois.<sup>1</sup> A glance at the map in the front of this book will give a better idea of the relation of the islands to each other than any description can give.

Taking the islands as a group they are a little larger than Great Britain (England, Scotland and Wales), and nearly twice the size of our New England. Their extreme length is about 1,000 miles, running almost north and south. They extend from the 35th degree to the 48th degree south latitude. This compares in the northern hemisphere to the region between the lines of latitude which form the southern boundary of Tennessee and the northern boundary of Minnesota. But the climate is not the same as that of the corresponding latitude in our country, for the summers are cooler and the winters warmer.

With our eagle eyes we next observe that a range of mountains (the Southern Alps) extends along the western coast of

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<sup>1</sup>The length of the northern island is 515 miles; its greatest width 250 miles, and it contains 44,468 square miles. A narrow strait (Cook Strait), 12 miles wide at its narrowest part, separates this island from the middle island. The length of the latter is 525 miles; its greatest width 180 miles, and its content 58,525 miles. The southern island is very small in comparison with the other two, containing only 665 square miles (about three-fifths the size of Rhode Island), separated from the middle island by a strait (Faveaux Strait), about 18 miles wide.

the middle island. We also see ranges of lofty mountains in the central part of the northern island, and a number of volcanic peaks, some active and some extinct. In this middle region of the northern island there is a district about 30 miles wide and 100 miles long, which contains many hot springs, geysers, pools of boiling mud, volcanic cones and other manifestations of the under world. Clouds of steam and sulphurous fumes rise from the boiling pools, and there are rumblings in the earth which show that the central fires come close to the surface here.

The coast line is irregular, many of the bays affording excellent harbors, and along the southwest coast of the middle island



A SCENE IN THE NORTHERN ISLAND.

is a series of sounds, indenting a mountainous coast, and surpassing in beauty and grandeur the famous fiords of Norway. Rivers and waterfalls abound, and many glaciers glisten among the peaks of the snowy range.

We next observe that noble forests fringe the coast of the northern island, and that broad, rolling plains are a striking feature of the middle island, that rivers and lakes abound, and that the whole scene is full of brightness and beauty.

## CHAPTER 2.

### EARLIEST HISTORY.

Geologically this is one of the oldest bits of land now forming any part of the earth's surface. It has been repeatedly submerged and upheaved, and contains excellent deposits of coal, iron, gold, silver, copper, chrome, graphite, lead, mercury, mineral oils, sulphur and zinc, besides limestone, granite, marble and other building stones.

A little over 500 years ago (about 1375 A. D.) the Maoris, a savage people from the islands of Polynesia, arrived at these islands in their double canoes. A double canoe consists of two canoes joined by a structure or platform across the top of each.



DOUBLE CANOES OF THE MAORIS.

*In such canoes, joined by platforms, on which deck houses were built, the brave mariners of Polynesia traveled thousands of miles without compass. They studied and named the stars, winds and currents. In cloudy weather, when the signs in the sky were hidden, the regular roll of the waves before the steady trade-wind, was in itself a guide. For these long voyages they stored water in calabashes, carried roots and dried fish, and had in the coconut both food and drink stored safely by nature in the most convenient compass. Fish they could catch on the way, and the rains replenished their stock of water. Their boats were between 100 and 150 feet long, and were probably as good as the vessels in which the Phœnicians circumnavigated Africa.*



By means of such canoes these daring and enterprising people became the greatest navigators known until the century of Columbus. They were a brown people, fair sized, heavily built, strong and athletic, with intellectual superiority to match. They found the country inhabited by aborigines, of which we know very little. It is understood that the Maoris ate them up.

In 1642, Tasman, a Dutch sea captain, sighted the islands, anchoring in what is now called Golden Bay, near the north-west point of the middle island. He tried to land to get water, but gave up the attempt on account of the hostile demonstrations of the natives. He did not land, but he was the first white man to see these islands, so far as we know. He reported his discovery when he returned to Holland, and the Dutch authorities named the new country New Zealand (new sea-land). Nothing further seems to have been known about this country until a century and a quarter later, when, in 1769, Capt. Cook came in *The Endeavor* and landed on the northern island at Poverty Bay, where the town of Gisborne is now situated. He was the first white man to set foot on the soil of this new country. He shot a few of the natives who opposed him, and they returned the compliment by killing and eating the entire crew of a boat belonging to his companion ship *The Adventure*. For the most part, however, his relations with the natives were pleasant. He gave them some seed potatoes and the seed of cabbages and turnips, and turned pigs and fowls loose to furnish them with meat. From these pigs are supposed to have come the wild pigs that are still shot in the forests. He sailed entirely around the group, and passed between the northern and middle islands through what is now called Cook's Strait. He again visited the islands in 1773, 1774 and 1777. He wrote an interesting account of his observations which attracted much attention. After that, whalers and traders began to visit the new country, and in course of time a few settlers came and started the building of a colony.

The natives took Cook's ship, the *Endeavor*, for a giant white-winged sea-bird, and her pinnace for a young bird. They also thought that the discharge of the guns was divine thunder and that the white men were gods, an opinion they have modified somewhat since.

The story was taken down from the lips of an old Maori named Taniwha, who was a boy at the time of Cook's visit, and who lived to be ninety years old.

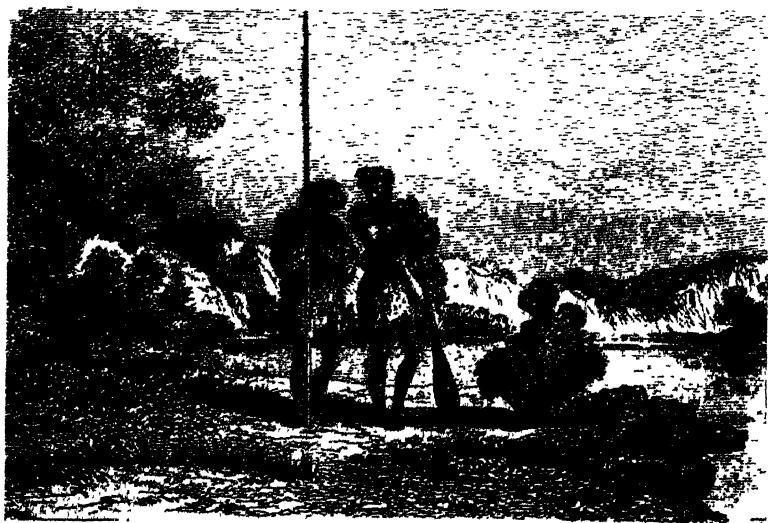


CAPTAIN COOK.

The Discoverer and Explorer of New Zealand, 1769.

*James Cook was the son of an agricultural laborer in Yorkshire, 1728. He became a captain in the royal navy, and one of England's greatest navigators and discoverers, exploring the Pacific and Southern Oceans and adding greatly to geographical knowledge. His explorations and writings led to the settlement of Australia and New Zealand. He met his death, February 14, 1779, at the hands of savages on the island of Hawaii, while trying to recover a boat that had been stolen from the "Discovery."*

"The people at Mercury Bay knew at once," says Taniwha, "that the English were goblins, because a boat's crew pulled ashore, rowing with their backs to the land. Only goblins have eyes in the backs of their heads. When these creatures stepped on to the beach all the natives retreated and the children ran into the bush. But seeing that the wondrous beings walked peaceably about picking up stones and grasses and finally eating oysters, they said to each other, 'Perhaps these goblins are not like our Maori goblins,' and, taking courage, offered them sweet potatoes, and even lit a fire and roasted cockles for them. When one of the strangers pointed a walking-staff he had in his hand at a cormorant sitting on a dead tree, and there was a flash of lightning and a clap of thunder, followed by the cormorant's fall, there was another stampede into the bush. But the goblins laughed so good humoredly that the children took heart to return and look at the fallen bird. Yes, it was dead; but what killed it! and still the wonder grew!



A MAORI FAMILY AT DUSKY BAY, N. Z.

*From sketch in Cook's Voyages.*

The *Endeavor* lay in the bay for some time, and a brisk trade grew up between ship and shore. On one great, never-to-be-forgotten day little Taniwha and some of his play-fellows were taken out in a canoe and went on board the magic ship.

"Then they saw the captain draw black marks on the quarter-deck and make a speech to the natives, pointing towards the coast. 'The goblins want to know the shape of the country,' said a quick-witted old chief, and, rising up, he drew with charcoal a map of The Fish of Maui, from the Glittering Lake at the extreme south to Land's End in the far North."

Taniwha describes how a chief was shot by Lieutenant Gore for stealing a piece of calico. The thief offered to sell a dogskin cloak,

but when the calico was handed down over the bulwarks into his canoe, which was alongside the *Endeavor*, he simply took it, gave nothing in return, and told his comrades to paddle to land.

"They paddled away. The goblin went down into the hold of the ship, but soon came up with a walking-stick in his hand, and pointed it at the canoe. Thunder pealed and lightning flashed, but those in the canoe paddled on. Then they landed; eight rose to leave the canoe, but the chief sat still with his dogskin mat and the goblin's garment under his feet. His companions called him, but he did not answer. One of them shook him and the chief fell back into the hold of the canoe, and blood was seen on his clothing and a hole in his back."

The tribe decided that as the chief had stolen the calico, his death ought not to be avenged, but that as he had paid for it with his life he should keep it. So it was buried with him.

#### ANIMAL AND VEGETABLE LIFE.

It is a curious fact that this land was almost entirely devoid of animal life, except in the sea and air. Fish were plentiful, and in great variety, and the same may be said of birds. There were no mammals (animals that gave birth to living young), except two species of bat; no dogs, sheep, cattle, horses, wolves, squirrels, rabbits, no wild beasts, no snakes, no venomous reptiles or insects. It must not be inferred, however, that conditions in New Zealand are in any way unfavorable to the existence of animal life; on the contrary, both domestic and wild animals that have been introduced there have multiplied and thrived in a remarkable way. For example, sheep flourish so that mutton and wool have long been two of the leading exports; and rabbits multiplied so rapidly that they became a pest, and farmers fought them with traps, poison and barbed-wire fences, but now they are turned to some account by exporting the dressed bodies in a frozen condition to England by the shipload.

As to vegetation, many excellent varieties of timber trees, as beech, pine, cedar, etc., are found in the forests. Flax is a native plant, from the fibre of which the Maoris made blankets and clothing. American and European cereals, vegetables and fruits have been introduced, and they flourish remarkably. The watercress, introduced by accident probably in badly-sifted grass seed, increased so fast that it threatened to choke half the streams. The sweetbriar, another invader, grows tall enough to arch over the head of a man on horseback; and has extended its domain so rapidly that it has become one of the principal

vegetable pests of the country. The resin of the Kauri, a native gum tree, is one of the chief exports of the country. It is used in the manufacture of oil varnishes, and also as a substitute for amber.

Insect life is less prevalent than in America or Europe. The bee, the fly and the flea have been introduced—the two latter perhaps by accident.

#### THE MISSIONARIES.

During the early years of the nineteenth century whaling and trading vessels came in increasing numbers, but no event of importance occurred till the arrival of the missionaries in 1814. It was learned that the Maoris were a very superior race of savages, and Christian propagandists saw that here was an opportunity and a duty. The leader of the missionaries was Samuel Marsden, the chaplain of New South Wales.

This apostle to the Maoris was a plain, unassuming, kindly man, who made no claim to scholarship, brilliancy, wealth or rank; but had a practical working knowledge of human nature and an earnest zeal for the Christianization of the world. While returning to Sydney from a visit to England in 1809, he noticed on the ship a brown-skinned ragged man, whose forlorn condition awakened his sympathy. Sick and weak and racked with a violent cough, the poor man seemed to have but a short time to live. Marsden did his utmost to care for him, and through his kindness and help the man recovered with a lifelong gratitude in his heart to the loving missionary. The brown man proved to be young Ruatara, a Maori of high rank, and relative of two famous chiefs, Te Pahi and Hongi. He was returning from a five years' cruise in which he had been badly treated by whalers and shipmasters. He stayed six months in Marsden's home in Sydney, when he went back to New Zealand with some wheat seed, a considerable knowledge of agriculture, and boundless love and respect for the great missionary.

"The wheat, which was given to the chiefs by Ruatara, and sown, converted into bread and eaten throughout New Zealand before the chaplain put his foot on the soil, was a mighty factor in preparing the savage mind to listen to the words of life from the lips of our apostle."<sup>2</sup> The missionaries took with

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<sup>2</sup> Page 39, "Conversion of the Maoris." MacDougal.



REV. SAMUEL MARSDEN.

*Leader of the Pioneer Missionaries to New Zealand, and a principal factor in the Christianization of the Maoris. Born in 1764, at Horsforth, England. Trained in the Methodist Church. Went with his wife, in 1793, to Sydney, to work in the missionary field. The only clergyman in New South Wales. After 21 years of wise and faithful service in Australia he started the mission in New Zealand and met with still greater success among the cannibal Maoris than among the white convicts and cowboys of Australia. He died in 1838 at the age of 74, after 45 years of missionary work, respected and beloved by all who knew him.*

them a horse and some cattle, sheep, goats, pigs and poultry. The natives were amazed at the horse and cows, especially on seeing one of the missionaries riding the horse, which they called a big dog.

It was Marsden's idea that the arts of civilization should prepare the way for Christianization. So the missionaries gave the Maoris better methods of agriculture, and various simple arts and handicrafts; and opened schools for their instruction. The news of these helpful novelties went like lightning through the land, and many chiefs visited the mission station at the Bay of Islands, and invited the missionaries to come and do similar work among their tribes. A little later the missionaries, with the aid of philologists in England, reduced the Maori tongue to a written language, which the natives had not before possessed; and translated the Scriptures and other works into Maori. Thus through the influence of Ruatara and the value of their gifts and instruction along industrial and civilizing lines, the missionaries were cordially received in the cannibal islands.

The Maoris were and are a most interesting people; brown skinned, with large dark eyes, regular white teeth, and wavy black hair (tho Angas says he found a few light-haired natives in the interior), athletic, warlike, cannibalistic, intelligent, and receptive of civilization. The men were broad and solidly built, of medium height as a rule, tho some were 6 and even 6½ feet tall. The body was long and the legs short; the face calm, often well formed, and sometimes very handsome. They numbered 100,000 to 160,000, according to various estimates, and were divided into 18 nations, each nation having many tribes. These tribes were addicted to killing and eating each other, and continued to indulge in this pastime long after the missionaries came; tho Marsden's influence was so great that he was frequently able to prevent battle if he were in the region of the threatened combat.

When the savages learned to use firearms the tribes killed each other off almost as fast as the whites are able to kill each other,\*

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\* The Maoris were in the stone age when Cook found them, but they were not long in seeing that muskets outranked their spears, and that it did not pay to hack at a tree with a stone tomahawk when a European axe could be had. They soon became eager to trade. Fine masts and spars grew in their forests. Strange weapons, ornaments, flaxen garments, food, etc., were also offered the seamen who came to hunt the whales and fur seal that abounded in the surrounding seas. Besides all this a ghastly trade sprang up in tattooed heads. A good one would bring as much as \$100. When the natural supply of enemies heads, trophies of battle, ran short, slaves, who had never enjoyed the artistic privilege of being tattooed, had their faces prepared for market. Sometimes a slave after months of painful preparation had the audacity to run away with his head before the day of sale and decapitation. When these barbarians found they could use muskets as



INTERIOR OF A MAORI VILLAGE, 1836.



tho their first use of powder and ball was very pacific. It is said that Captain Cook gave a native chief a gun and some powder and lead. The first man who fired the musket was so frightened by the report and recoil that he flung it away into the sea. The natives planted the powder in the ground believing it to be cabbage seed. Of the lead they made an axe, and when the axe bent at the first blow, they put it in the fire to harden it. When it began to run about like water they tried to guide it out of the fire with sticks. But it broke in pieces, and they gave up the attempt.

Human flesh was considered a great delicacy. But it was a disgrace to be eaten or to have your relatives devoured. Their favorite method of denunciation or insult was to say, "I'll eat you," or, "I'll feed on your parents;" or, "Your father was chewed." Yate and other early observers say the Maoris were fond of roasted maize and sweet potatoes, fried fish, pigeons, etc. They ate two meals a day, at 11 A M and at night; but were nibbling constantly between times. They chewed Kauri-gum (a tough pine-tree exudation) and passed the same chew undiminished from person to person till it had gone round the company. This fashion the missionaries did not fall in with.

#### BEST OF HONGI

*Hongi (or Shungie as some of the old books have it) was a powerful Maori chief, who manifested much friendship for the missionaries, and was sent to England to aid in the translation of the Scriptures into the Maori tongue. He absorbed civilization with great rapidity, especially that portion of it which relates to the science of war. The devastation he created in New Zealand by importing a cargo of firearms and trying to imitate Napoleon is recounted in the star note pages 10 and 12. This bust was carved in wood by Hongi himself with a rude non instrument of his own manufacture.*



THE "NAPOLEON OF THE MAORIS."

well as the whites, a new and terrible era was in store for them in their tribal wars. A special stimulus was given to this development by the visit of two chiefs to England in 1820, to help translate the Scriptures into Maori. They were lionized, and one of them, Hongi, was presented with a suit of armor by King George IV. Hearing that his tribe was at war, Hongi sold all he had except his armor, bought 300 muskets with quantities of powder and lead, and landed in New Zealand determined to imitate Napoleon. His luckless enemies armed only with spears and tomahawks and clubs, were killed, enslaved, and eaten by battalions. Wide districts were swept bare of people. The trade in muskets and powder became frantic. The tribes would sell anything, flax, timber, potatoes, nails, tattooed heads, pigs, even their precious land to get the only thing that could protect their lives. In the native wars, from 1820 to 1840 a fourth of the race is said to have perished.



FORTIFIED MAORI VILLAGE, NEAR POVERTY BAY, 1836

The clothing of the natives consisted of flaxen mats, which they wrapped about their shoulders; tho frequently they wore nothing but a breech cloth. When European garments came the Maoris soon caught the idea that dress was not so much for use or comfort as for display, and no matter how many suits or dresses a person might have, the aim was to wear them all at once, especially on Sunday. A missionary, writing in 1835, says: "I have seen a Maori come into the chapel with the sleeves of an old gown drawn on as a pair of stockings; 2 small baskets fastened on the feet as shoes, and several dresses one over another so arranged that you could see the flounce of one, the body of a second, the sleeves of a third, and the collar of a fourth; with a piece of striped shirt thrown over the shoulders for a shawl; and a pair of trousers hung round the neck as a boa; and so common were such methods of attire that a person so decked and adorned could enter chapel in the midst of service without exciting the slightest attention from the congregation."

Among the inducements for attending religious meetings and cultivating the missionaries were the gifts of clothing bestowed from time to time at the mission, and the opportunity for showing them in chapel. Human nature is much the same among primitive Polynesians as among



MAORI SIGNATURE TO A DEED.

*The Maoris engraved their faces and bodies with curious curves and spirals. The design in each face was distinctive, not duplicated on any other. A man's tatoo face marks constituted his name. Living or dead, his friends could identify him by his "amoco," as a tatoo design was called. When the natives agreed to give the Marsden Mission the land it required, and a deed was drawn, the missionaries were at a loss how to get the document signed, as the Maoris could not write. Hongi suggested that the tatoo markings on the face of Kuna, the chief conveying the land, should be drawn on the deed with Kuna's assent. The suggestion was adopted, and this became the common way of signing Maori deeds in the early days.*

cultured Americans. One old Maori, who had received several blankets, etc., from the missionaries, came one day for another gift. The missionary told him there was nothing more for him. "All right," he said, "no more blankets, no more hallelujahs." The natives soon learned to talk a few words of English, tho the pronouns bothered them a good deal. A stranger seeing a Maori trying to milk, but getting little of the lacteal juice, remarked that the cow did not have much milk. The native replied: "Oh, he's got plenty milk inside, but she won't let them down."



A MAORI GIRL.

Marriage was a very simple affair for a Maori girl. Her father or chief asked if she was willing. She said: "Yes," or "I suppose so." And the father or chief gave her to the man to be his wife, along with as many more as he chose to have. Divorce was equally easy, and consisted simply in turning your wife out of doors—a very convenient and inexpensive plan, but rather one-sided, as the wife was not permitted to turn the husband out, nor to leave him without his consent. The women wove flax mats for garments, made baskets, dug fern roots and potatoes, cooked, and carried heavy loads upon their backs (the Maoris having no horses or other beasts of burden except their wives and slaves); while the men fought, fished, speared or netted birds, made greenstone tomahawks, hatchets, spears, etc., built houses, dug out canoes, and cultivated the fields with long wooden spades.

The Maoris had rude huts of long poles thatched and woven with broad grass leaves. The barns were much like the houses, only better built, and raised on posts to keep the rats from eating the corn, etc. They have a taste for property and have learned to build excellent houses, and have acquired over 300 000 sheep, 30,000 cattle and many horses.

On Sunday, thousands of Maoris would come 25 or 30 miles in their canoes to hear preaching. They soon learned to respect the day, and would not fight or steal on Sunday, nor go pig-hunting or load a boat. They would not swear in a boat for fear of accident. Their sense of justice was mixed. If a husband allowed anything to happen to his wife, her relatives came and stole all he had. It was deemed all right



TUPAI CUPA (OR TE PEHI) 1826.

Altho Tupai was a powerful chief and his people were 400 miles from Hongi's territory, he suffered severe defeat at the hands of Hongi with his English muskets. Tupai determined to go to England and get firearms to avenge his losses, so he boarded the "Urania," a trading vessel sailing through Cook Strait. Captain Reynolds ordered him off, but Tupai said: "No. Go Europe, see King Georgy." The captain then ordered three of his stoutest sailors to throw the chief overboard. But Tupai threw himself on the deck and seized two ring bolts with so powerful a hold that it was impossible to tear him away without such violence as the humanity of Captain Reynolds would not permit. The Captain became very fond of his intrusive passenger, and refused to give him up to an American captain who came alongside and, seeing the value of Tupai for exhibition purposes, offered Reynolds \$1000 to transfer the chief to the American ship. So Tupai went to England. He manifested great intelligence and a very loving, gentle nature. This picture was drawn while he was in Liverpool. The Government refused to supply him with firearms, but sent him back at state expense with agricultural and other implements and domestic animals.

to steal anyway if you didn't get found out too soon; except that one must not steal from a chief or his family unless he was of the same rank. With this proviso one might steal, and if he could keep the stolen property hidden for three days it would belong to him. Stealing, however, was regarded in a different light after the missionary view became known. For example, a Maori who stole a bag of sugar was compelled by his chief to pay the storekeeper and also to pay damages to the chiefs of the tribes for the loss of credit the community had suffered with the whites. While the natives held the better class of whites, and especially the missionaries, in high esteem, they were not blind to the human nature in their teachers. A bright-eyed Maori said one day: "You missionaries are teaching us to look up to heaven, but your own eyes are all the time directed on the earth."

The chieftainship was hereditary but not absolute. A chief could not sell land or make war or peace without the authority of the council, or assembly of the people. The women spoke and voted in the councils;



TUPAI'S SIGNATURE.

This drawing of the tattoo stains on Tupai's face was made by himself without a glass while he was in Liverpool. It was his autograph. Tupai was kept busy for some time by autograph and curiosity hunters in England.

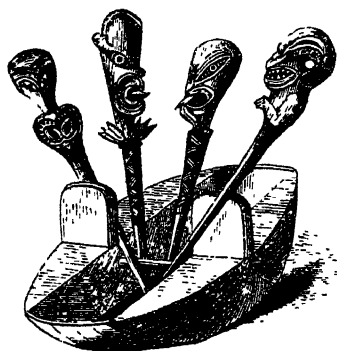
Tattooing was done with a little bone chisel, driven in with a mallet. The lines were first drawn with charcoal or red ochre, then, inch by inch, the curves were cut on the quivering, but unflinching, human copper plate. The blood was wiped away and blue pigment rubbed into the wound. The process was very painful; only a small area could be decorated at a time. Tate says: "It is seldom that any Maori is fully tattooed on all those parts where tattooing is customary (faces, hips and thighs) before he has basted the meridian of life."

When the work was complete, however, the victim had always with him a certificate of rank and bravery, and he was the possessor of a valuable work of art. The fine designs in ultramarine blue, on a beautiful brown skin, with a rose tinge in either cheek, made a very striking picture. An expert tattoo artist could command high pay in flax and potatoes, etc., and if not treated well he could make things quite uncomfortable for the subject he was engraving by driving the chisel in the most painful way (and it was a point of honor not to complain or speak of the pain) or by bungling the design, being careless about the purity of the pigment, etc.

chiefs and free men had as many wives as they chose, and a chief was usually plural on the feminine side of his family. The oldest wife was the principal one, and it is said there was no jealousy among a man's better halves. There was no marriage ceremony, except the giving of the girl by the father or chief. Divorce consisted in turning your wife out of doors. Morality was not much esteemed till after marriage; then it became compulsory on pain of death.

Such were some of the characteristics of the savages to whom the missionaries carried civilization and the Gospel, and by their labors did much to prepare the way for white colonization. The Maoris appreciated the kindly spirit of the missionaries, and the arts and implements they brought. They gave the missionaries land and food and a cordial hearing, but baptisms were very few up to 1830.

Between 1830 and 1840 about one-fourth of the Maoris were converted to Christianity, and the converts rang so true that



"A BASKETFUL OF GODS."

*The Maoris had no idols or gods that they worshipped. They made gods for amusement, not for religious or business purposes. They had no notion of a supreme being, but they believed in spirits who could make things very uncomfortable.*

they earnestly opposed cannibalism, slavery and war, altho these institutions were all deeply inbedded in the habits and traditions of their race.

The progress of the missionary work from 1840 was constant and rapid<sup>3</sup> until the Christianization of the race was practically complete. From the first the missionaries were welcomed, and it may be said to the credit of both sides that for

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<sup>3</sup> The first to confess Christianity was a chief named Rangī, who was baptized Sept. 14, 1825, ten years after the mission was founded. In 1859 it is estimated that 35,000 out of 50,000 Maoris had professed the new religion.

50 years no missionary lost his life by the hand of a Maori, and during that time the race was changed from cannibalistic savages to Christians. They attested their sincerity by voluntarily liberating their slaves without compensation or reward. Even before their conversion, in spite of their cannibalism and incessant tribal wars, the Maoris were one of the finest bodies of savages that have been found. They held their land in common as the property of the tribe, and agriculture, fishing and fowling were the work of the community for the benefit of all.

In their wars with the whites in 1843 and 1845 and almost continuously from 1860 to 1870, the Maoris fought with great courage and vigor. But they have long since given up cannibalism and war. For over 30 years they have been peaceful, law-



A NATIVE SCHOOL IN THE EARLY DAYS OF THE MAORI MISSIONS.

*The missionaries not only taught the Maoris the arts of civilized life and the morals of Christianity, but gave them a written language, reducing the Maori tongue to a perfect phonetic form. The Bible and other books were translated into Maori, and a Maori dictionary made. Natives were trained to teach in the schools established by the missions. The Maoris now have many excellent schools, and some of the brown youngsters attend the ordinary public schools with the white children, romping, studying and reciting with the white boys and girls on terms of perfect equality.*

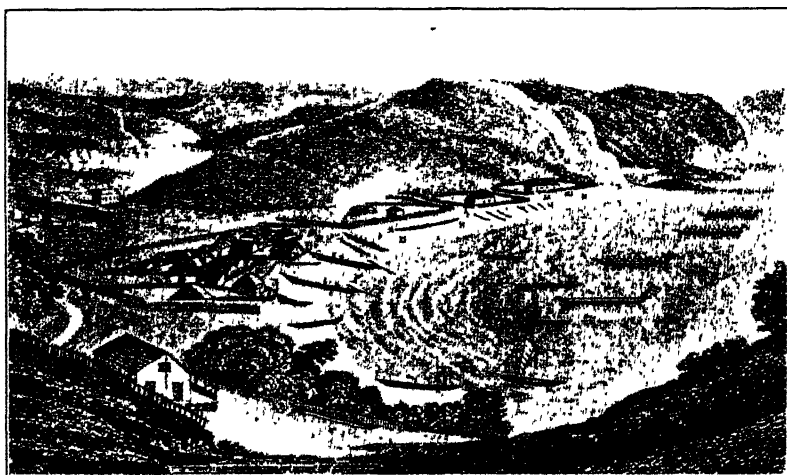
abiding citizens. Both men and women are now voters in New Zealand, six of the race are members of Parliament, four in the House and two in the Senate, and one is a member of the Cabinet.

#### EARLY SETTLEMENTS.

The first attempt to form a settlement in New Zealand occurred in 1825, but it failed on account of the savage condi-



tion of the natives. In consequence of frequent visits of whaling vessels to the Bay of Islands, a settlement grew up there, and in 1833, Mr. Busby was sent there as British Resident. A number of Europeans, generally men of low character, gradually settled in different parts of the country, and married native women. In 1839 a New Zealand Company was formed in England for the purpose of colonizing New Zealand; and its first body of emigrants landed in 1840, and this settlement has now become the city of Wellington. From this time on, settlements gradually increased in number and size, but there were many difficulties with the natives, particularly concern-



KORORAREKA, 1835.

The First Settlement at the Bay of Islands.

*Cook landed at "Poverty Bay," on the east coast of the North Island, October 8, 1769, and reached the "Bay of Islands," 300 miles sail further north, on the 27th of November, 1769. By 1834, when Busby arrived, there were something like a thousand whites living there, mostly whalers, traders and runaway convicts from Australia. As many as 35 large whaling ships were counted at one time in this bay. Whales were plentiful in the New Zealand seas, and Savon rum shops and Maori huts were plentiful on shore.*

ing land titles. In 1861 rich deposits of gold were discovered, causing a rush and sudden increase of the population. In 1840 the white population numbered about 2,000, and the Maoris something like 60,000. In 1853 the whites were 30,000 strong. The natives diminished while the whites increased so that about 1857 the two were equal. In 1861 the white population had risen to 99,021, in 1864 to 172,158, and in 1874 to 299,514, when the Maoris were found to number only 45,470.

## CHAPTER 3.

### ANNEXATION.

From early years the traders and settlers desired the protection of England, and the friends of colonization in England were anxious that Great Britain should annex the country. The missionaries on the other hand opposed annexation at first, because they feared its effects on the natives and their conversion. The strong influx of Europeans likely to follow annexation, with the saloon, the brothel, the gambling den and other accompaniments of English civilization, and the cruel wars almost certain to result from the rapid settlement of a country full of savages, were not calculated to hasten the development of true Christianity. Savagery and cannibalism were sufficient obstacles without the white man's amusements and conflicts of trade and conquest.

The English Government not only regarded the opinions of the missionaries as entitled to special consideration, but had a further reason for discountenancing annexation. When the friends of colonization sent a deputation in 1829 to the Duke of Wellington, then Prime Minister, to urge the acquirement and settlement of New Zealand, the Duke said Great Britain had colonies enough. England's appetite for land was not as keen just then as usual. Her efforts to assimilate America had resulted in a fit of imperial indigestion. Her experience with the new world had caused her to lose all confidence in colonies. The Duke regarded them as dangerous explosives.

### BUSBY.

For years this feeling and the opposition of the missionaries kept the home Government from doing anything, except sending James Busby to the Bay of Islands as British Resident in 1833. He had no force behind him, except \$1,000 a year to distribute in presents to the native chiefs, and he did nothing

except acquire the nickname of "the ship without guns," and win the laugh for a comic scheme of federating the Maoris into a nation with a Declaration of Independence and a Federal Constitution. He induced 35 of the northern chiefs to accept the plan in 1835, with the title, "The United Tribes of New Zealand." The purpose was good, but the conditions impossible. A race of savages still largely immersed in war and sundered by numberless feuds and tribal divisions could not be welded into a nation by a paper constitution. They could not even work a Congress, let alone the judicial, electoral and other machinery of civilized government. So a little laughter and some snubbing from Mr. Busby's official superiors were the only consequences of his effort to federate New Zealand's man-eaters under parliamentary institutions.

Influences were at work, however, leading the Government to look more and more favorably on annexation. Gibbon Wakefield and others interested in colonizing the new country, organized the New Zealand Company in England, and brought pressure to bear in high quarters, and events in the islands gradually transformed the missionaries into advocates of annexation.

#### THE FRENCH.

A French Baron (de Thierry) declared himself "King of New Zealand," and tried to enlist the sympathy of the French Government. Another Frenchman, Langlois, professed to have bought 300,000 acres in the middle island. A French Company was formed to colonize Langlois' land. In this company, Louis Phillippe was a shareholder. In 1837 French Catholic missionaries, under Pompallier, were sent to labor among the Maoris. The English missionaries were now inclined to favor British annexation. They did not want a colony, but if there must be one, they thought it would be better Protestant than Catholic, better English than French, better their own colony than the other fellow's.

#### THE LAND SHARKS.

Another thing that helped to convert the missionaries to annexation was the appearance of the "land sharks"—shrewd adventurers who believed the colonization of New Zealand near at hand and bought large tracts of land for speculation. Many

of the purchases were imperfect or fictitious. Boundaries were inserted by purchasers after the deeds had been signed in blank by the sellers. The same land was sold three or four times. Some purchases were airily defined by latitude and longitude. Almost the whole area of good land in the middle island was the subject of one professed sale. An Australian politician, Wentworth by name, "bought" the island at a single stroke from nine wandering Maoris, picked up on the streets of Sydney, who had no right to sell any part of the alleged "purchase." The "Wentworth Syndicate" paid them a little over \$1,000, or at the rate of about 1 cent for each 200 acres of the area claimed.

By 1840 it was estimated that outside this middle island claim and the claim of the New Zealand Company, stated in



*In 1837 the Roman Catholic missionary, Pompallier, was sent out from France to labor among the Maoris, and became Catholic Bishop of New Zealand. Sea travel was in such condition then that it took him some twelve months voyaging in every kind of hardship and discomfort to reach his destination. He began work with two priests in Kororareka, Bay of Islands, in 1838. Funds were sent him by the Propaganda Fidei, and soon his staff increased to twenty priests, besides many laymen. They labored hard to convert the natives. The Maoris were much puzzled by the competition and conflict among the Christians, Catholic, Episcopal and Methodist. The coming of the French missionaries had much to do with convincing the English Protestant missionaries that New Zealand ought to be annexed to the British Empire. (See p. 22)*

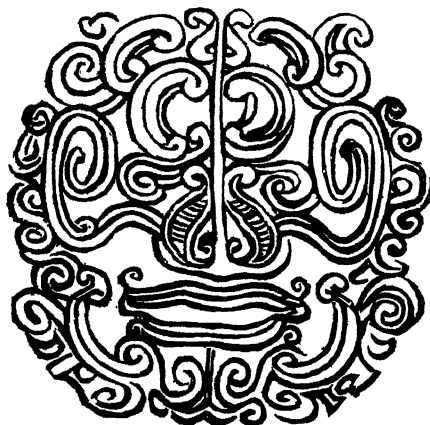
BISHOP POMPALIER, FRENCH CATHOLIC MISSIONARY TO NEW ZEALAND.

the next paragraph, 26,000,000 acres, or more than a third of New Zealand, had been gobbled up piecemeal by the land sharks, a good deal of it having been bought several times over from the Maoris by different purchasers. Including the Wentworth and New Zealand Company claims, as well as the piecemeal purchasers, the total was 82,000,000 acres, or 16,000,-

000 more than there were in New Zealand, snow-capped mountains, glaciers, punice plains and all. Some strong authority was clearly needed to deal with the conflict of titles, disputes with the natives, and other evils growing out of this rush for land monopoly. Before his death, in 1838, Marsden had come to see that the only hope for the country and the natives lay in annexation, and his ablest lieutenant, Henry Williams, felt the same way. The missionaries were recognized as the best element in the community, and their opinions had much weight in England.

#### THE NEW ZEALAND COMPANY.

The New Zealand Company, under the lead of *Gibbon Wakefield* and his brother, Col. Wakefield, were determined



ANOTHER MAORI SIGNATURE.

See p 14

to settle New Zealand, whether the English Government sanctioned it or not. In September, 1839, the Colonel arrived in the north island and made extensive land purchases for the Company, at least he thought he did, and the Company claimed 20 million acres north and south of Cook Strait, in what are now the Wellington, Taranaki and Nelson districts. Fifty-eight chiefs signed the deeds of sale, receiving a lot of muskets, powder, axes, blankets, pipes, tobacco, looking glasses, soap, shaving boxes, handkerchiefs, jew's-harps, calico, scissors, and other goods amounting to \$45,000. The Maoris probably knew the sale was a fraud, at any rate, they had no right under Maori law and custom to alienate the heritage of their tribes.<sup>1</sup> Very

likely most of the chiefs did not understand how much land the Colonel thought he was buying, and did not have any notion of selling the vast area claimed by the Company. At the time, however, the Company did not appreciate the difficulties of land purchase in New Zealand, and relying on the Maori deeds, they organized a body of colonists and landed them in January, 1840.

THE ISLANDS MADE PART OF THE BRITISH EMPIRE 1840.

The settlers, and traders and land sharks, the menace of French interference, the change of heart among the missionaries, and the pressure of the New Zealand Company, at last induced the Colonial Office to annex the islands. In 1839 a royal proclamation was issued, extending the political boundaries of New South Wales to include any territory that might be acquired by Her Majesty in New Zealand, and *Captain Hobson* arrived at the Bay of Islands, January 29, 1840, with a commission as Lieutenant-Governor, under the Governor of New South Wales. The history of New Zealand as part of the British Empire, dates from that day.

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<sup>1</sup> By Maori custom, no Maori could sell land without assent of the tribe. Individuals had a right to use the soil, but the ownership was in the tribe. It was doubtful whether parents could sell the rights of children. A handful of Maoris carried off into slavery by another tribe, when released from captivity through the influence of Christianity in later years, came back and successfully claimed their former territory, which had in the meantime been bought by the whites from the conquering tribe.



*The British Coat of Arms.*

## CHAPTER 4.

### SOVEREIGNTY.

England dealt honorably with the Maoris. She did not take their country by force. The royal proclamation only covered such territory as might be acquired in sovereignty by the Queen. Hobson's first duty was, therefore, to get the consent of the natives to English rule. February 5, 1840, a week after Hobson's landing, the northern chiefs were gathered in conference at Waitangi, and the question laid before them. Henry Williams, representing the Protestant missionaries, threw all his weight on the Government side, and Waka Nene, one of the most influential chiefs, spoke eloquently for British sovereignty. His speech won the day and a treaty was made containing the following provisions:

#### TREATY OF WAITANGI

1st. The Chiefs of New Zealand ceded to Her Majesty, absolutely and without reservation, all their rights and powers of sovereignty.

2d. Her Majesty guaranteed to the Chiefs and tribes of New Zealand full, exclusive, and undisturbed possession of their lands and estates, forests, fisheries and other properties; but the Chiefs yielded to Her Majesty the exclusive right of pre-emption over such lands as the proprietors thereof might be disposed to alienate at such price as might be agreed upon.

3d. Her Majesty gave to the natives of New Zealand all the rights and privileges of British subjects.

About 50 chiefs signed the treaty then and there, and within six months it had been signed by 512. Only one chief of first rank refused to sign, Te Heu Heu, who lived in the volcano plantation near lake Tuapo, in the plateau in the middle of the North Island. His tribe was simply let alone until their opposition evaporated. For the rest, the Maori race accepted the Treaty of Waitangi, and well they might, for while the supreme political authority passed to England, the ownership of their



CAPTAIN WILLIAM HOBSON, R. N.

The First Governor of New Zealand.

*Tho a soldier, he established the rule of England, not by force, but by just agreement with the natives, calling their chiefs together and making an honorable treaty with them by which they yielded sovereignty to Great Britain, and in return were guaranteed their lands and the rights of British subjects.*



lands was guaranteed to them, and they secured the rights of British subjects, and to this day they regard that treaty as the Magna Charta of their liberties. Some 60,000 or 70,000 Maoris were secured in their title to nearly 66,000,000 acres of valuable land. This was right, and wise also, for without this clause the natives would not have assented to the treaty. The multitude of armed Maori warriors (15,000 or more) could have made it very uncomfortable for the 2,000 white settlers in the islands, and very expensive for England, if force, instead of persuasion, had been used for the annexation of New Zealand.

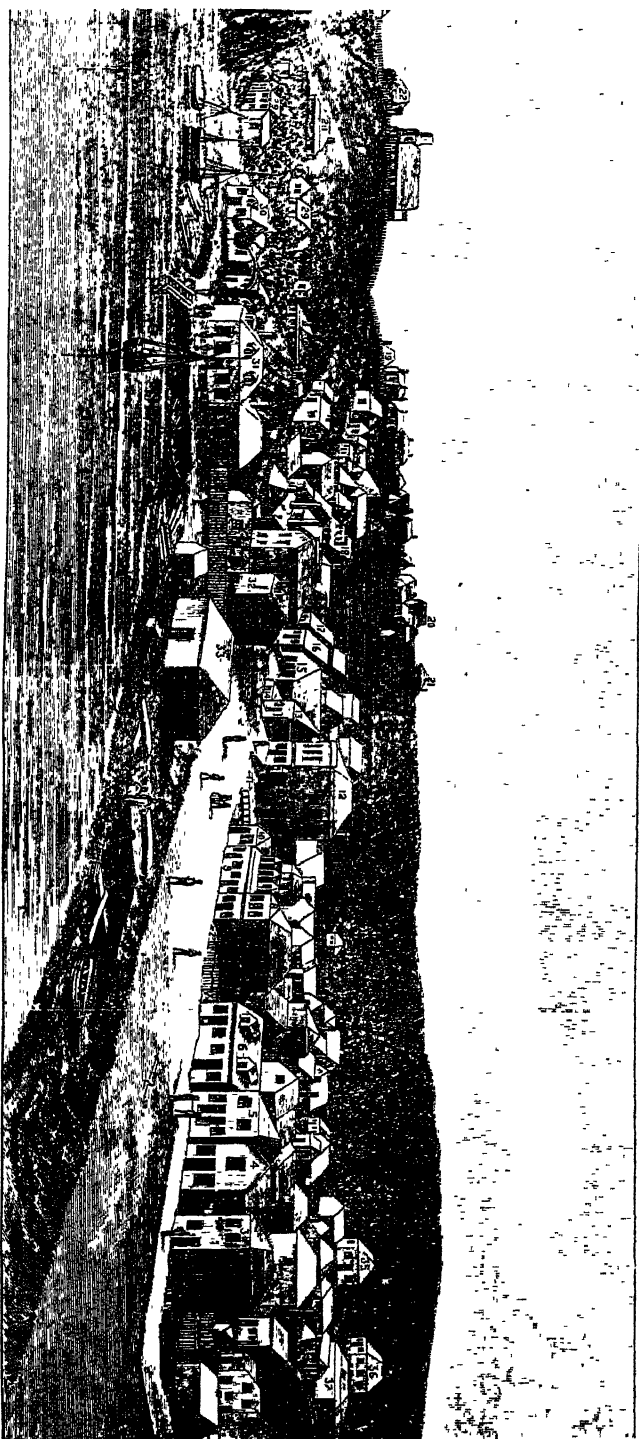
#### BRITISH SOVEREIGNTY PROCLAIMED.

British sovereignty over the North Island was proclaimed May 21, 1840. The treaty made the proclamation effective as to the natives, and Hobson's possession under the flag made it effective as to other nations. So little was known or thought of the Middle Island (South Island it was called then) that sovereignty was not proclaimed over it till June 17th, and even then the royal flag was not hoisted there. The consequence was a narrow escape from French acquirement of it. It was almost uninhabited—a few scattered Maori tribes, in the extreme north and extreme south, about 2,000 occupants in all, as compared with 60,000 or more in the North Island. The east and southeast of the lower island lay open to the first comer, and was not only fertile, but in large part treeless and easy of settlement and cultivation.

A French ship on the way to take possession of it and plant a colony at Akaroa, put in at the Bay of Islands in July, and the captain, hospitably entertained by Hobson, let fall some hint of the object of his voyage. Hobson at once dispatched a vessel south, and under his orders formal possession was taken of the island by hoisting the British flag at Akaroa, August 11, 1840, two days before the arrival of the French frigate, which came to claim the country for France. What a divided and weakened history might have been New Zealand's if a little earlier arrival had given the Middle Island to the French, while England held the North Island.

#### THE CAPITAL. NEW ZEALAND'S INDEPENDENCE.

In September (1840) the Lieutenant-Governor established his residence at Auckland and it became the capital. Twenty-



AUCKLAND IN 1844.

- 1 (Queen street) 2 Shortland Crescent 8 Commercial Hotel 12 Githson & Mitchell's brick building, the only one at this date 14, Carnegie's store 15, Theatre. 17, Scott's grocery.  
 18 Exchange Hotel 19 N Z Banking Co 20 Royal Hotel 21 Government House—Porter's Lodge 31 Victoria Hotel 33 Old Government store, now the market  
 35 Mechanic's Institute 36 Wesleyan Chapel 37 Post-office and Customs House Mount Eden is just out of sight, at the right, a little way back of the city.

four years it held the honor,\* and then the seat of Government was transferred to Wellington on account of its central position, but Auckland is still the first in size and beauty, and second to no other New Zealand city in prosperity and progress. It is the metropolis of the Colony.

On May 3, 1841, New Zealand was declared independent of New South Wales, and Hobson became Governor. His administration was a very creditable one. His treaty secured the loyalty of many tribes. He established effective government, and had excellent laws passed for the administration of justice and the regulation of property and civil rights. In this he was materially aided by his Attorney-General, William



MANSE ON THE HUTT, NEAR WELLINGTON, 1846

*Residence of Wm. Swainson, F. R. S., Attorney-General of New Zealand.*

Swainson,<sup>1</sup> an English lawyer of fine ability and remarkable freedom from slavish subjection to precedent and technicality. He framed the laws of the infant Colony in simple, concise and intelligible language, and swept away a host of cumbrous English precedents and technicalities in conveyancing, legal procedure, etc.

#### HOBSON'S ADMINISTRATION. THE LAND CLAIMS.

The most important matters with which Governor Hobson and his council had to deal was the land question. The right

<sup>1</sup> *Swainson* was Attorney-General for fifteen years. Wm. Martin, Chief Justice, and George Augustus Selwyn, the first Bishop of the Colony, were also most excellent appointments.

of pre-emption, or right to be the first purchaser from the Maoris, which was secured by the Treaty to the Crown, was intended to protect both the natives and the Colony from the consequences of bargaining between ignorant savages and unscrupulous speculators, and to aid in sound and systematic colonization.

In pursuance of these purposes Governor Hobson's second



BISHOP SELWYN.

*George Augustus Selwyn was the father of the Church of England in Maoriland. He arrived at the Bay of Islands, in 1842, at the age of thirty-three. He and the students who came with him took up their abode in Auckland. The Bishop was a distinguished scholar and clergyman before he went to New Zealand, and his culture, zeal and strength did much to build up the Episcopal Church.*

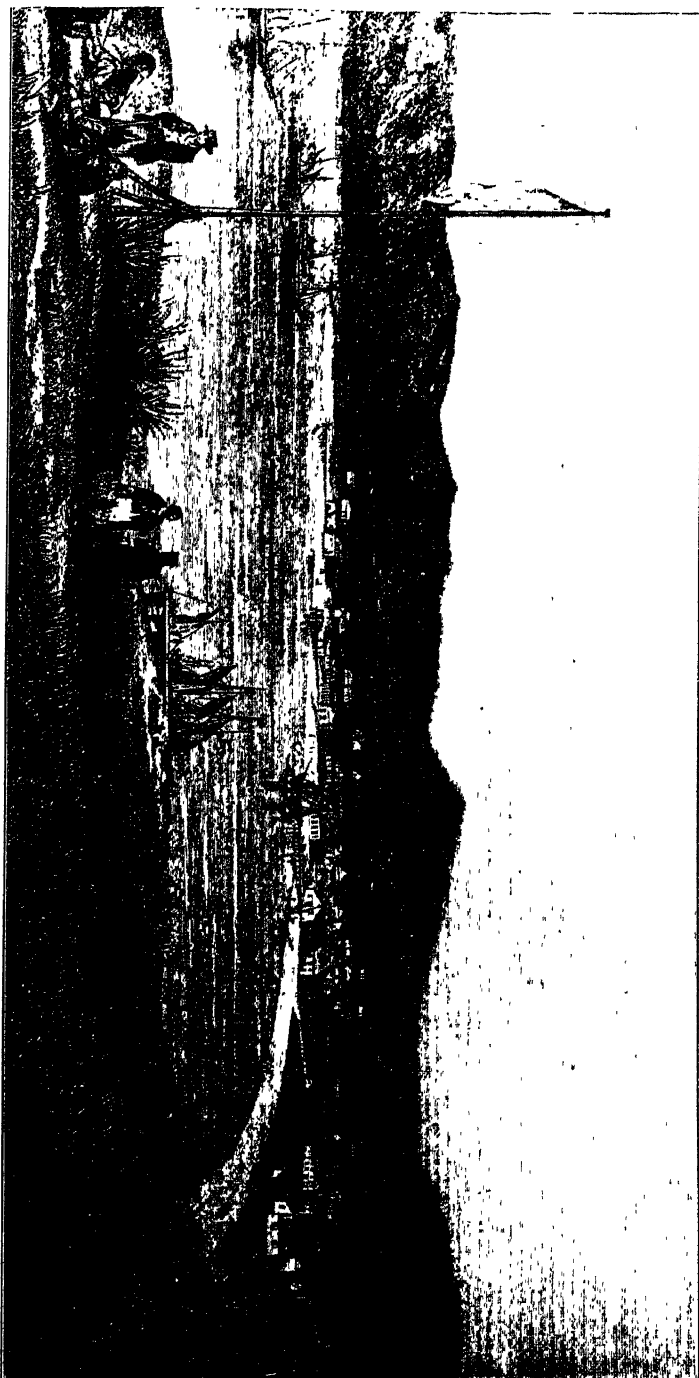
Selwyn was a magnificent specimen of manhood, both physically and intellectually. No better selection could have been made than that by which Mr. Gladstone, then Colonial Secretary, sent this muscular Christian to organize a church of mingled savages and pioneers. When in the wilderness, Selwyn could outride or outwalk his guides, and could press on when hunger made his companions flag. He would stride through rivers in his bishop's dress, and laugh at such trifles as wet clothes. When at sea in his missionary schooner, he could handle the ropes or take the helm, and did so. He founded the Episcopal Church of New Zealand on the democratic basis of the representative synods of clergy and laity, which assemble annually in each New Zealand diocese.

ordinance (June 9, 1841) not only proclaimed the sole right of the Crown under the treaty to purchase lands in future from the natives, but declared that no land claims by virtue of prior purchases or pretended purchases from the natives, should be valid till heard and reported on by a Government Land Claims Commissioner, and confirmed by a Crown grant, adding: "The Commissioner shall be guided by the real justice and good conscience of the case without regard to legal forms and solemnities." An amendment passed February 25, 1842, provided that the quantity of land granted a claimant of native land in case it is found there was a valid sale, should be four times as many acres as he shall be found to have expended pounds for land, buildings, transportation, support of immigrants, etc.,—goods given to Maoris being estimated at three times their selling price in Sydney at the time,—no grant, however, to be recommended by the Commissioner in excess of 2,560 acres unless specially authorized by the Governor, with the advice of the Executive Council. This is the first glimmer in the New Zealand laws of the principle of limitation of area.

Hobson's attitude toward existing claims was a simple and effective method of dealing with the land sharks, sweeping away at a single stroke the whole mass of their unjust bargains and extravagant claims. But honest settlers suffered with the speculators.

#### THE COLONISTS.

The New Zealand Company, in London, with an energy quite unchecked by any real knowledge of the condition of things in New Zealand, kept on sending shipload after shipload of immigrants to the districts around Cook Strait, till they had landed 1,200 settlers at Wellington before the end of 1840. Another settlement at Wanganui, 120 miles north, was formed the same year, and in 1841 settlements were established at New Plymouth and Nelson. The colonists had paid ample value (£1 an acre) for the lands they were to receive, and the Company had paid the natives fair value for a considerable tract, but the Maoris refused to carry out the agreements of their chiefs with the Company, and the Government's process of adjustment was very slow, so the settlers were left hanging without titles to their farms, till a Commissioner came from England, and after years of deliberation made an award which cut down the Company's claim from 20,000,000 to 283,000 acres.



WELLINGTON (OR PORT NICHOLSON) 1842

Custom House and Post-Office in the middle by the long wharf, two inches from the right hand border: Te Aro, a Maori town on the farther shore, an inch to the right of where the flagstaff crosses the white shore in the picture.

Governor Hobson, who was in ill-health throughout his term, died September 10, 1843, at the age of 49, leaving an excellent record, except in respect to his failure to secure speedy settlement of honest land claims, especially those of the New Zealand Company's settlers. He anticipated the French, baffled the land-sharks, kept the peace, was generous to the Maoris, and founded Auckland—a pretty fair record for a harrassed, dying sailor, sent to stand between his own countrymen and savages at the very end of the earth, and left almost without men or money! If under him the colonists found their lot almost unbearable, the fault was chiefly that of his masters. Most of his impolicy came from Downing Street; most of his good deeds were his own. The Maori chiefs in their petition to the Queen for another Governor said: "Let him be a good man as this Governor who has just died."



TANGIERI, A MAORI CHIEF OF EARLY DAYS.

## CHAPTER 5.

### COLONY BUILDING.

Among the important factors in the early history of New Zealand, a leading place must be assigned to the ideas and doings of Gibbon Wakefield, the founder of the Colony, and George Grey, its greatest Governor, author of its Constitution, and pioneer leader of the Liberal movement.

#### WAKEFIELD.

Gibbon Wakefield was a social philosopher and reformer, who in the thirties and forties roused much thought and interest in England in the direction of better methods of colonization. He established the system, and organized and directed the Company, under the auspices of which  $\frac{3}{4}$  of New Zealand was colonized. He was a dreamer who managed to make his dreams materialize, tho he had no Arabian lamp, nor any genie to do his will, except the genie of a great idea and the power of rousing the rather deaf, but very powerful giant, Public Opinion. Wakefield's New Zealand Company directly settled the southern half of the North Island and the northern part of the Middle Island, and associations working in conjunction with it, and under the Wakefield system, colonized the rest of the Middle Island.

Wakefield's teachings and methods of colonization have so profoundly influenced legislation and events in New Zealand and other Colonies of the South Pacific that their history cannot be clearly understood without some knowledge of his work.

His idea was *scientific colonisation*—careful selection of emigrants,<sup>1</sup> inducements to laborers and capitalists to go to the

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<sup>1</sup>In the thirties England regarded colonies as receptacles for criminals and paupers, and all sorts of social rubbish: Imperial waste baskets, cuspidors and cesspools. Colonial lands had been given away in vast areas to favorites and intriguers, or sold in enormous grants for a song. Wakefield saw the error of careless settlement and free grants of land or sales of large



new country in organized groups, and sale of the land under free selection at a uniform "sufficient price," that is, a substantial price sufficient to prevent speculation and secure close settlement, diversification of industry, and funds for immigration and public works.

Excellent effects followed his system of careful selection of emigrants, in place of the old, planless, haphazard way of settlement. Instead of making colonists out of convicts, and treating colonies as a sort of compost heap or vacant lot on which to dump the human refuse and waste of older countries, Wakefield believed in choosing colonists morally and physically worthy to be the founders of a new commonwealth. The good results of this part of Wakefield's philosophy are to be seen in many colonies, especially in South Australia and the parts of New Zealand founded by his associations, where "the high character of the settlers, the rarity of crime, the good standard of education, the evidences of intelligence and even of refinement, have always been obvious enough to strike even very hasty observers."<sup>2</sup> It pays to choose men as carefully as the horses or cattle you are going to breed from. To select with care the

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tracts at nominal rates, and in his *Art of Colonization* he urged the adoption of better methods of building British colonies.

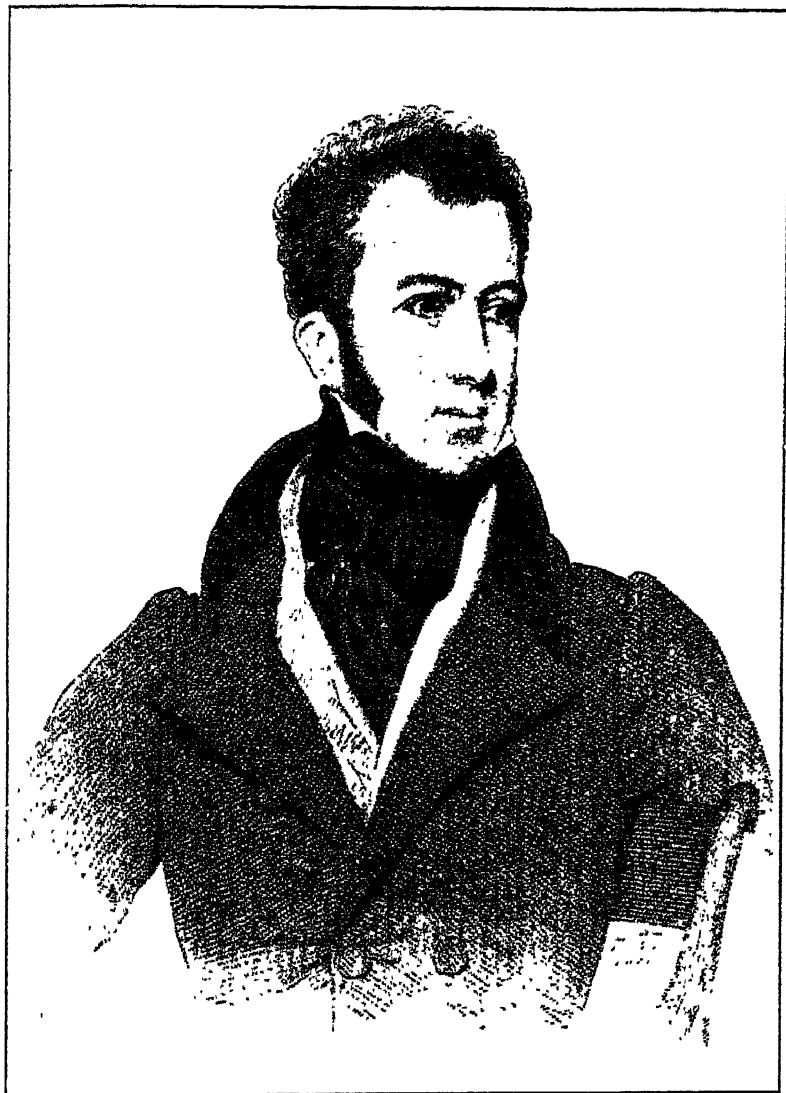
His plan of scientific colonization involved not only careful selection of emigrants and inducements to farmers, capitalists and laborers to go to the new countries in organized groups, but sale of land under free selection at a fixed, uniform "sufficient price," a price sufficiently high to check speculation, secure reasonably close settlement, prevent labor from leaving the capitalists stranded, and provide money for immigration and public works.

The management of the land was the key to his theory. He believed that laborers would not go on working for wages while land could be picked up for little or nothing. If laborers could not be had, capitalists would not go. The prime requisites of a young colony were immigrants and public works. Money for both purposes could be obtained by the sale of land. If land were given away or sold in large tracts at low rates, there would be no society, no development of industry, no demand for labor, no hope of rapid progress by private effort, and no funds for immigration or public works.

But if land were sold at a good price, there would be money in the treasury to assist immigration and build public works. The soil would be bought in reasonable sections by those who wished to use it, rather than in vast areas by speculators. Laborers, not being able to get land for a song, would remain at work for capital. Capitalists would be attracted to the colony, because they could count on labor. Workers would be attracted by free passage in comfortable ships, and the prospect of good wages in private industry and on the public works, and the closer settlement incident to high-priced land would give the colonists the advantage of neighborhood and human society. Inferior lands, which would remain long unsold, might be occupied by pastoral tenants, but the leases should be short and the lands always open for free selection and cash purchase.

Wakefield began his agitation in 1829, when Australia was looked upon as an imperial prison and New Zealand was a group of cannibal islands, notorious for the bloody feuds of its savage tribes. In a few years he won so much support that he founded two colonies, South Australia and New Zealand, both of which have proved brilliant successes. His teaching affected legislation for and by all the Australasian colonies.

<sup>2</sup> Reeves, *State Experiments in Australia and New Zealand*, Vol. I, p. 207.



EDWARD GIBBON WAKEFIELD,

The Founder of the Colony.

*A man of clear thought, noble purpose and splendid energy, who organized a movement in England for scientific colonization, careful selection of colonists, sale of land at a good price and use of the funds for public purposes. Three-fourths of New Zealand was colonized by companies acting under the influence of his philosophy. Before he turned the tide of public opinion, England had been in the habit of regarding colonies as convenient dumping grounds for convicts, and other social refuse. His plan of careful selection of immigrants had the same sort of effect on the Colony and its history that the selection of the best breeds of cattle and horses with which to stock a new country would have upon the character and development of its domestic animals.*

material with which to build a state, is no less wise than to use good judgment in the choice of materials for a house.

The Wakefield land system has not so good a record, partly because it was not persistently applied, nor its philosophy thoroly lived up to, and partly because of its inherent defects, especially its inflexibility and lack of limitation.<sup>3</sup> The doctrine of free selection was everywhere applied without limit to the area one man or company could hold, but the principle of sufficient price was not lived up to, and free selection at an insufficient price proved disastrous. If public land is cheap and sold without limitation or condition, speculators are sure to monopolize it by the wholesale, in order to grow fat on the unearned increment or rise of land values due to the growth of society, instead of making a living by honest toil, and giving the community a service equivalent to the value they take from it.

The New Zealand Company sold land to its colonists at £1 (\$5) an acre, and received from its first groups of settlers \$500,000 for one two-hundredth of the area it claimed to have bought from the natives for \$45,000, selling at over 2,000 times the rate it agreed to pay. Nevertheless, it dealt openly, honestly and fairly, according to established commercial principles, and it devoted its profits to colonization, the expenses of which were very heavy. The Imperial Land Sales Act<sup>4</sup> of 1842 confirmed the £1 per acre rule, but made it a minimum instead of a fixed and uniform price. Crown lands were first to be offered at auction at an upset of £1 an acre, and afterward tracts for which there was no bid could be sold privately at the upset price. Special sales of large blocks of 20,000 acres or more to capitalists were provided for. Pastoral licenses were to be annual. Half the land revenue was to be spent on immigration, and the other half dedicated to the public service went in practise to public works—a curious mixture of pro-

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<sup>3</sup> A uniform price, low enough to be fair to the *bona fide* settler in ordinary times, could not be high enough to prevent speculation in times of excitement, and there were no limitations of area, settlement conditions or restrictions on resale; nothing to prevent speculators and monopolists, in times of rising values, from purchasing land in large tracts or buying up block after block from the original purchasers.

Still Wakefield's plan was a vast improvement on what preceded it. It provided considerable funds for immigration and public works, and where resolutely and thoroly applied, as in Canterbury, it checked monopoly and speculation for many years. (See chapter on "Free Trade in Land.")

<sup>4</sup> English Statutes 5 and 6 Vict. c. 36 in force in Australia and New Zealand, 1843 to 1846.

visions for the public interest and for private monopoly. On the whole, however, this statute together with the Treaty of Waitangi, and Hobson's land ordinances, and the policy of the New Zealand Company, were calculated to protect the Colony from rapid absorption of the soil through large purchases at low prices by speculators and monopolists. But many complained that with land at \$5 an acre, a poor man could not buy a farm. An agitation for cheap land was started, and pressure was brought to bear on the Government to allow direct purchase by individuals from the natives.

FITZROY.

Lieutenant Shortland, acting Governor from the time of Hobson's death till the arrival of the new appointee, December, 1843, did nothing in the matter. But Captain Fitzroy, the



BARRETT'S HOTEL, WELLINGTON, 1846

*Engraved in England in 1847 from a drawing by S. C. Bices, Principal Engineer of the New Zealand Company.*

second Governor, waived the Crown's pre-emptive right in March, 1844, and permitted private purchase from the Maoris, subject to approval of the Government and the payment to it of 10 shillings on each acre, a fee which he reduced in October to 2 cents an acre. This was an evasion of the Land Sales Act of 1842, and a breaking down of the barriers established by the Treaty. It takes a strong Governor to resist the pressure of private interests, especially when both capitalists and work-

ing buyers are clamoring for cheap land, or direct purchase or other concessions relating to their immediate needs or desires.

In a letter to Lord Stanley, August 30, 1845, Fitzroy said that at the beginning of 1844 scarcely any titles to land were confirmed, many had not even been investigated, and settlers were living on the remains of their almost exhausted capital. "The greatest detriment to the progress of the settlers brought out by the New Zealand Company was the absolute impossibility of obtaining sufficient land for their location without taking forcible possession of that which the native owners asserted had not been purchased from themselves. This caused the energies of the finest body of colonists that ever left Great Britain to be frittered away in idle pastimes within the limits of scattered wooden towns."

The Governor doubtless thought the situation justified his land regulations, but it would have been better for the Government to hasten the decision of land claims, and to buy land itself from the natives for settlers, instead of allowing direct purchase from the natives with a 2-cent duty to the State.

The result was a new cloud of disputed land claims. The difficulty between the New Zealand Company and the natives about the soil had already burst into battle at Wairau, in June, 1843, and the new disputes added fuel to the fire. Moreover, incredible as it may seem, the Maoris were watching the debates in the English Parliament, and not being versed in politics, they did not understand the foolish speeches in the House of Commons, nor comprehend the emptiness of Parliamentary prattle and party warfare. They noted that their chiefs, who fought for their land at Wairau, were called murderers in England, and a document from an official of the New Zealand Company was read in the House in which the Treaty of Waitangi, the corner stone of their liberties and property rights, was described as a "praiseworthy device for amusing and pacifying savages for the moment." Not knowing that the object was not to oust the Maoris, but the Government in Downing Street, the natives took these things seriously. The inrush of Europeans, the Great White Cloud threatening to extinguish their language and customs and perhaps exterminate themselves, alarmed them, and the land disputes were a perpetual source of irritation. The result was that Fitzroy soon had a good-sized native war on his hands.

Fitzroy was in full control. His executive council held office at his pleasure, and constituted the majority of the Legislative Council, which was then the only chamber for enacting laws or "ordinances," subject, of course, to the English Parliament and the Colonial Office in London, from which, however, it required eight months to get a reply. A strong man could have secured peace and progress with the help of the New Zealand Company, but Fitzroy was rash, impulsive, weak, injudicious, obstinate and self-confident, with several other equally valuable attributes. Besides abandoning the Government monopoly of land purchase from the natives, he abolished customs duties and then re-established them; and exhibited so little tact and so much weakness with native difficulties as to throw the settlers into sullen discontent, and lead the

Maoris under Heke to grow insolent, cut down the flag, and bring on war. He also issued paper money without authority, disregarded instructions



HONE HEKE AND HIS WIFE, DAUGHTER OF THE "GREAT HONGI."

*Heke was as pugilistic as his father-in-law. In 1844 he persisted in cutting down the English flag in Kororaraka, the settlement at the Bay of Islands. This led to war. In one of the battles an American ship in the Bay sent boats through the fire to save the women and children from the Maoris. Anglo-Saxon brotherhood counted for something even in 1845. Governor Fitzroy offered £100 for Heke, and Heke offered £100 for the Governor's head.*

from England, and behaved altogether so unwisely that his administration culminated in conflict, financial paralysis, and general confusion

GEORGE GREY.

Fitzroy was recalled and *Captain George Grey* was placed at the head of the Colony November, 1845. At last New Zealand had a real statesman at the helm; a man of strength, high character and resource, a gentleman, courteous and tactful, a lover of the people, a democrat in the universal, non-partisan sense, a commander of ability, a Governor of remarkable power and a statesman of exalted purpose. He speedily ended the war, and for his services was knighted two years later (1848) and became *Sir George*. He not only conquered the Maoris, but won their admiration and their love. He protected their rights, facilitated the administration of justice in litigation in which they were concerned, had ordinances passed to prevent the sale of liquor and munitions of war to the natives, protecting them from themselves and their appetites as well as from white injustice. He also subsidized native schools, provided savings banks, and established hospitals and other charitable institutions. He saw that the formation of trunk roads was one of the best means of securing peace and progress, and used the military and native labor in their construction. The presence of the soldiers helped to quiet the country, the natives learned the benefit of work and civilization, and the settlers were not taken from their own business.

Grey repealed Fitzroy's land regulations and enforced the Crown's pre-emptive right.<sup>5</sup> He induced the natives to sell a

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<sup>5</sup> *Private purchase of native land.* In June, 1846, Grey gave notice that Fitzroy's land proclamations were no longer in force, and an ordinance, passed November 18th the same year, subjected to fine of \$25 to \$500 anyone purchasing or occupying land from or under a native, and provided for the settlement of claims arising under the Fitzroy regime.

Thus the Government's pre-emptive right was again established, but the principles of Hobson and Grey have not been steadily adhered to. At various times in after years private purchasing from natives was permitted, and always with baneful results to all concerned. Repeated experience has shown the practise to be demoralizing to the natives, and productive of speculation, monopoly, fraud and dangerous disputes.

A great deal of valuable land, first and last, was bought from the Maoris by crafty speculators. Sometimes native land owners were kept for weeks in a state of blissful and pliable tipsiness, hanging round the door of a store-keeper commissioned to get hold of their shares in a block of splendid land. The dazed savages were persuaded to buy everything they took a fancy to, blindly signing receipts for the goods and for money furnished to pay for drinks till their lands were gone. Twelve gentlemen most conspicuous among the speculators of early days were irreverently styled "The Twelve Apostles" of plunder. This was reckless impertinence, yet even among the good mis-



GOVERNOR GREY.

*A man of fine ability and great tact, a gentleman, a statesman and a scholar. He established peace and won the love and confidence of the natives. He framed the Constitution under which the Colony still lives. The great services he rendered, and his justice, courage, farsightedness and devotion to the best interests of the people made him New Zealand's greatest Governor, and her greatest statesman during the first half century of her existence.*

*The old engraving from which this cut is derived, probably did not do the Governor full justice, as the reader may guess from the photoprint on p. 121, showing the Statesman in later life. The difference of time, however, must be considered as well as the difference of artistic process; for 25 or 30 years will often make as much improvement in a man's appearance as the passage from an ordinary wood-cut to a first-class photograph.*



large amount of their surplus lands. Some millions of acres in the North Island and the whole of the Middle Island (except some reservations for the natives) were bought, whereby the Government acquired a large estate that laid the basis for real progress.<sup>6</sup> In purchasing land from the natives for the State he introduced the system of paying the money in installments spreading over a series of years. This kept the natives from reckless dissipation, and served as a security for the good behavior of the sellers. Under this system years of tranquility followed, and if it had been continued under Grey's direction it is likely that peace would not again have been broken.

The greatest of all the many services rendered by Governor Grey in this first administration, which continued till his departure from the Colony, December 31, 1853, were his resistance to two unjust acts of the Home Government (a violation of the land clause of the Treaty of Waitangi, and an unfair constitution), and the establishment of representative Government on a just basis. The discussion of the constitutional question belongs in a chapter by itself, but the land point may be stated here.

In June, 1846, the New Zealand Company's friends came into office in England,<sup>7</sup> and the Colonial Office was given to Earl Grey. New

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sionaries there were 26 who claimed 185,233 acres for themselves, besides 11,607 for their society, and one claimed 50,000 acres, so intense was the earth hunger, and so lax the land morals of those days, even among the best people.

The Government should never have permitted purchase from the natives, except through the medium of a state commissioner and a court of justice, instructed to act speedily. But no steady policy was adopted. Here is a partial list of the vacillating provisions on the subject:

1841, private purchases of native land forbidden.

1844, private purchases of native land allowed.

1846, private purchases of native land forbidden

1851, crown's pre-emption waived in favor of New Zealand Company land claimants.

1877, native land law, providing that proclamation of negotiations between the Crown and natives, for specified lands, should stop all other buyers

1884, all private sales of native land stopped within a large defined territory.

1888, full power again given to Maoris to dispose of all lands for which they had received certificates.

<sup>6</sup>The purchase of the Middle Island was negotiated in 1848. It was handed over by the Home Government to the New Zealand Company, but when that company expired it became Crown land. Stewart Island was bought in 1864. Six million acres in the North Island were bought before 1870, and about eight millions more since.

<sup>7</sup>The Imperial Parliament transferred to the New Zealand Company the southern part of the North Island and about the whole of the Middle Island for purposes of colonization, and advanced the company \$1,000,000, with a proviso that if the company could not repay the loan in 1850 it must surrender its charter and property to the Crown. This surrender took place. The company had liabilities of half a million pounds, and assets of 1,000,000

Zealand was exempted from the Land Sales Act so that lands could be sold at any price and dealt with in any manner the Colonial Office might desire. The Instructions sent December, 1846, provided for the continuance of sales by auction at £1 upset per acre, and no private purchases from natives were allowed, but land registries were to be opened for recording titles and *lands not claimed within a fixed time were to be deemed Crown lands, no native titles being recognized unless acknowledged by some official act, or evidenced by some expenditure on the land.*

This was a clear violation of the Treaty guaranteeing the Maoris their lands, and backed by Chief Justice Martin and Bishop Selwyn, Governor Grey refused to enforce it.

The Home Government accepted the situation, tho with a bad grace, and the matter ended with the regulation by colonial ordinance of the "squattling" or pasturing of sheep and cattle on the waste lands,<sup>8</sup> which

acres. Compensation for its land was provided for in 1851, and in 1852 it was wound up and its overlordship finally extinguished, settlers thereafter dealing with the Government instead of the company.

It had rendered good service in its twelve years of life, but the Colony had grown strong enough now to attend to the further work of colonization for itself.

<sup>8</sup> *Squatters or runholders* in New Zealand are what we would call ranchmen. The law of early times, which made the settled districts of Australia a prison, forbade the inhabitants to go beyond their borders, but rumors of rich country in the interior led many to break bounds in the twenties and thirties—an illegal stream of pastoral adventurers flowed noiselessly out and took possession of large tracts without leave or license. These men were called "squatters." The term was afterwards adopted in New Zealand and applied to cattle and sheep men in general.

The Land Sales Act of 1842 provided for annual leases for pastoral purposes. The squatters of Australia and those who came a little later in New Zealand did not appreciate this. They did not like a system under which the grazing lands their flocks and herds were using might be put up at auction or selected under their feet, and they agitated for longer leases. By the Orders in Council of 1847, the Colonial Office conceded pastoral leases for terms not exceeding fourteen years, fixed the rental at 1 cent for every sheep the pasture would carry (the capacity of a run in no case to be estimated at less than 4,000 sheep or 600 cattle, a provision tending to keep small men off the runs) and gave the lessee a pre-emptive right. During the lease only the lessee could buy land on the run, and at the end of the term the run was put up at auction and the lessee had the first right of purchase, or, if the land were not sold, a right to a further term.

To permit the runholders to lock up large areas from settlement for years, and aid the perpetuation of their monopoly by affording them the tremendous advantage of a pre-emptive right, was not in accord with Governor Grey's ideas of justice and public policy. His ordinances of August 23, 1849, and July 28, 1851, provided for a Crown Lands Commissioner and pastoral licenses under excellent regulations. Inside of a Hundred, the term of a grazing license was limited to one year. In the "pastoral districts," or pasture lands not yet marked off for settlement, the commissioner might grant license for fourteen years, subject to the following conditions: (1) If at any time the land, or any part of it, should be included in the boundaries of any Hundred, the license should cease as to lands so included, from the date of the proclamation of the Hundred. (2) The license should cease also if the land were sold by the Crown. (3) The fees were to be \$125 plus \$5 for each 1,000 sheep, and if not paid the license would cease, and the run be let by auction to the highest bidder. (4) No run should be larger than was necessary to carry 25,000 sheep, or an equivalent number of cattle, counting six sheep equal to one head of cattle.

Every facility was provided for the runholders to acquire homesteads of

had grown up in New Zealand at the close of the war of 1845-6, and which was destined to become a most important factor in the development of the Colony, a large part of which is admirably adapted to stock raising.

Grey was not so popular with the colonists in these early years as with the Maoris, for he abolished the lucrative trade of the colonists with the natives in liquor, firearms and ammunition, stopped the profitable speculation in native lands, disallowed irregular and extravagant land claims, and put off representative Government, on which account many wrongly attributed to him a dislike of democracy. Moreover in controversy he inclined too much to personalities and exaggeration, and so lost part of the hold on the people his otherwise courteous and tactful conduct and wise management entitled him to.

But the eight years of his first administration saw the cessation of native hostilities, the restoration of sound financial conditions, the revival of colonization, and the establishment of free institutions. He found the Colony on the brink of ruin and left it in a state of prosperity and progress, and altho just at the end he made the mistake of reducing the price of public land from £1 to 10s, and under certain conditions to 5s an acre, which led to the purchase of enormous territories by runholders, speculators and monopolists, and the locking up of large estates in few hands, yet his motive was excellent even in these cheap land regulations, which he intended to enable poor men to get farms, not foreseeing the speculative purchases, and in spite of this mistake the Colony owes to George Grey much that is best in its history, as the reader will see if he follows this story through.

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50 to 80 acres on their runs, and compensation for improvements was arranged for in case of sale of the homestead.

In the general provisions applying to both pastoral runs and ordinary grazing licenses, it is stated that *no* license shall preclude the Government from selling the land or including it within a Hundred.

A pastoral license could be transferred with consent of the Commissioner, and a pasture license within a Hundred with consent of the Wardens elected by the pasture licensees, provided the transfer was to one occupying land under grant from the Crown in the same Hundred.



## CHAPTER 6.

### THE CONSTITUTION.

The New Zealand Company and its settlers at Wellington, Auckland, Nelson, etc., were continually agitating for representative government, and in August, 1846, the English Parliament enacted a Constitution<sup>1</sup> for the Colony. But it was ill-made, and wholly unjust to the Maoris, who far outnumbered the whites, and who by the Treaty of Waitangi had been guaranteed all the rights and privileges of British citizens, yet were practically excluded from any share in the Government by the proposed Constitution and the Instructions sent with it.<sup>2</sup> So George Grey, the splendid Governor, with a moral courage and good sense that cover his name with honor, refused to enforce the bastard constitution, and succeeded in postponing the question for several years<sup>3</sup> till a just and reasonable and

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<sup>1</sup> English Statutes at Large 1846 c. 103.

<sup>2</sup> The Queen was to establish Municipal Corporations, and appoint the upper chambers of two or more Provincial Governments and of the General Assembly for the whole Colony. The Provincial Houses of Representatives were to be elected by the mayors, aldermen and councils of the Municipal Corporations, and the Parliament House of Representatives was to be elected, nominated and appointed by such persons and in such manner as the Queen, through her Privy Council, should appoint.

The "Queen's" Instructions (December 23, 1846) under this act provided that no one should be a burgess (citizen or voter) unless he could read and write the English language. This practically shut out the Maoris (who numbered about 60,000 to 27,000 whites) for not a dozen native adults could read and write English. The little white minority were to govern not only themselves, but the great Maori majority also, without any representation of the latter, for the natives could hardly be expected to enroll in Municipal Corporations with mayors, aldermen and councilors; and even if they did, the language conditions barred them out.

In his dispatch accompanying the Constitution, Earl Grey spoke of the impolicy of recognizing native proprietary rights in the waste lands of the islands. This Constitution, with the instructions and dispatch, would have set New Zealand in a blaze if Governor Grey had not quietly ignored them.

His presentation of the case to the Home Government was so strong that Parliament not only forgave his nullification of its august enactment, but in 1848 concluded to defer action on the Constitution for five years more.

The Constitution Act of 1846 was a New Zealand Company scheme, rushed through the English Parliament in a fortnight, and not thoroly examined anywhere in its flight.

<sup>3</sup> English Statutes at Large c. 5, 1848, March 7, suspended the act of 1846 (and the Instructions under it), so far as concerned the Provincial and General Assemblies, and it also gave the Governor in Council power to

at the same time practicable constitution could be adopted. What a world of trouble it might have saved if we had had a man like that in control of the Philippines when the first proclamation of American sovereignty arrived, or better still if we had had a Government at home that would have provided for sovereignty with consent of the natives as England did in 1840.

In 1852, England sent out another Constitution<sup>4</sup> affording substantial self-government to New Zealand and leaving the right to vote open to Maoris as well as white men.<sup>5</sup> This was proclaimed by Governor Grey in 1853, and was in fact in the main his work. It established a central government and six provincial governments, the lower House in each case being elective under a franchise based on a property qualification.<sup>6</sup>

#### THE GOVERNOR.

The central government consisted of a Parliament and a Viceroy or Governor, appointed by the Colonial Office to be Commander-in-Chief of the Queen's forces in the Colony, to

modify the burgess qualifications. This power was exercised July 2, 1851, by an ordinance abolishing the reading and writing of English as a qualification for citizenship. (See Municipal Corporations)

<sup>4</sup> See "The Constitution Act," under which New Zealand still lives. (English Statutes at Large c. 72, 1852, June 30th.)

<sup>5</sup> Many Maoris were practically excluded by the property qualifications for the suffrage, for the general tribal tenure was not recognized as "property," and their dwellings were mostly of little value. But many whites were also excluded. It was not till 1879 that residence was made sufficient qualification for the ballot. The constitutional provision was reasonably fair. There was no race or language distinction. A little industry in either case would carry the citizen over the franchise line. October 10, 1867, an act was passed for the division of the Colony into four Maori electorates, and the admission of four Maori members to the House of Representatives. For thirty-five years they have returned four members, and now have also a member of the Cabinet and two members in the Senate.

<sup>6</sup> Each Province had a Superintendent and Provincial Council, elected for four years, unless sooner dissolved by the Governor. Every man of twenty-one, having in the district a freehold worth £50 clear, or a leasehold of the clear annual value of £10, or occupying a tenement in town worth £10 a year, or £5 outside of town, and having resided in the district six months before registration, could register and vote for members of the Provincial Council, aliens and criminals alone excepted. (The same conditions applied to voting for members of the House of Representatives.) This Provincial Parliament could make laws with certain specified restrictions, subject to the Governor's assent in case of bills reserved for his consideration, and his disallowance within three months in case of bills not reserved. The provincial laws were subject also to be controlled and superseded by Acts of the General Assembly, and were to be null and void so far as in conflict with the laws enacted by the Central Parliament. This General Assembly or Central Parliament could also constitute new provinces, alter boundaries, provide as to election of members, powers of councils, etc. Such bills, however, must be reserved for sanction by the Crown, *i. e.*, the Colonial Office. The provinces were abolished by act of October 12, 1875, which came into full operation in November, 1876.

appoint such persons as the Crown might desire to be members of the Legislative Council or Upper House of Parliament, to dissolve Parliament at his pleasure, and to reserve bills for the consideration of the Home Government.<sup>7</sup> Tho much in evidence in the early years, the Governor has long since ceased to be active. From 1868 the real executive has been the Prime Minister of the Colony, and the Governor has become a figurehead. Like the English Crown, he appears in the Government chiefly on paper and in the expense bills. The Constitution fixed his salary at £2,500, which was raised to £5,000 (\$25,000) in 1873, where it still remains. He has also £1,500 for establishment and £500 for traveling expenses.

#### THE LEGISLATIVE POWER.

The central legislative power was placed in a General Assembly, consisting of the Governor, the Legislative Council (or Senate) and the House of Representatives. The Upper House was composed of such persons, not less than ten, as the Governor under the Queen's authorization might summon, and they were to hold for life.<sup>8</sup> There being no limit to the number of members except that it must not be less than ten, the Council is liable to dilution by the appointment of new members. The total number at the present time is 44.<sup>9</sup> The speaker or president of the Legislative Council is nominated by the Governor.

The House of Representatives is elective. A property qualification plus residence and masculinity was prescribed in the

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<sup>7</sup> It was also provided that the Queen, through one of her principal Secretaries of State, might relegate to the Governor the powers reserved to her for removal of Provincial Superintendents, regulation of the sale and occupation of waste lands, establishment of Municipal Corporations and preservation of aboriginal laws and usages in some district dedicated to that purpose. The Imperial Government relinquished all control over native affairs to the General Assembly in 1863. Land regulation is in the same hands, and there are no Provincial Superintendents any more, so that there is little, if anything, left of the royal delegation clause. Even the power to establish new municipal corporations, tho still in the Governor's hands, is there by delegation, not from the Crown, but from the New Zealand Parliament, which has assumed entire control of municipalities. (See Corporations Acts, 1886 and 1900.)

<sup>8</sup> The tenure is now for seven years, and the Governor, in making appointments, must follow the recommendations not of the Queen or Home Government, but of the Prime Minister of New Zealand.

<sup>9</sup> Civil servants and contractors to the public service to an amount exceeding £50 (\$250) are ineligible. The salary is \$750 a year plus actual expenses to and from Wellington, but \$6 is deducted from the councillor's pay for each sitting day he is absent in excess of five days in one session, unless such absence is due to illness or other unavoidable cause. One-fourth of the members not on leave of absence are necessary for a quorum.



MAORI BOYS.

*In such fine, intelligent youth and their elders, Governor Grey in 1846 (the year in which this picture was made), saw material from which self-governing native communities could be made, and material which might prove explosive if not well treated. For these reasons, and the Maori right to citizenship by treaty and justice, the Governor turned down the Act of 1846 (pp. 44, 47, 48). Native suffrage on equal terms with the whites is a distinguishing characteristic of the Constitution framed by Grey and established in 1853.*

*Pohu, the youth who is seated smoking, with the hawk's wings on his head, was the son of a chief from Poverty Bay (so-called because Cook failed to get the supplies he wanted there). Smoking was an imported habit. When found by the whites the Maoris had neither tobacco nor alcohol, tea, coffee, sugar or mince pie—no stimulant at all.*

Constitution for the electors and members, and the Parliament was given a five-year term unless sooner dissolved by the Governor; but all these provisions were subject to change by action of the General Assembly, and have all been altered.<sup>10</sup> The number of members now is 74,—70 Europeans elected by 279,330 voters (1899) in a population of 703,119, and 4 Maoris elected by the 13,628 Maori men and women who voted in 1899 for a population of about 40,000 in the four Maori districts,—one representative for each 10,000 people of either race.<sup>11</sup> After the present Parliament (*i. e.*, after 1902) there will be 80 members, 76 European representatives and 4 Maoris. The House elects its own speaker.

#### LIMITATIONS. ENGLAND'S RESERVATIONS.

The General Assembly may make laws "not repugnant to the law of England," with a few specified exceptions relating to duties on military imports, exemptions, bounties, drawbacks or other privileges in respect to any imports or exports, and charges on shipping at variance with treaty between Great Britain and any foreign power. Bills passed by both Houses go to the Governor who may assent to them, return them with suggestions for amendment, or reserve them for consideration by the Home Government. Laws altering the qualifications of voters, or dealing with the provinces, or changing the pay of the Governor, judges, etc., *must* be reserved. No reserved bill goes into effect till approved by England (it lapses if no royal assent is given within a year), and any bill assented to by the Governor may be disallowed by Order in Council from Great Britain, whereupon the act becomes null and void.

These are great powers, but the history of half a century of vigorous legislation, including some of the most radical measures the world has ever known, proves that England is inclined to use her power very sparingly. The American Revolution taught John Bull that Anglo-Saxon colonists are apt to

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<sup>10</sup> The term is three years now, and neither property nor sex is inquired into as a condition of the ballot.

<sup>11</sup> Civil servants of the Colony and contractors to whom public money is payable beyond £50 a year are not eligible to the House. Members get £20 (nearly \$100) a month, or £240 (\$1,200) a year, and actual traveling expenses to and from the capital, with \$10 deducted for every sitting day exceeding five in which the member is absent, unless such absence is due to illness or other unavoidable cause. Twenty members, including the Speaker, constitute a quorum.



become exceedingly expensive luxuries unless they are allowed to have their own way about their own affairs.<sup>12</sup> Laws affecting immigration or ocean commerce have sometimes been reserved, and vetoed or left hanging unapproved; for example, the "Asiatic Restriction Act of 1896," was reserved and has not been approved by England.

Reeves says it is understood that foreign affairs and the currency are virtually excluded from Colonial Jurisdiction. There are conclusive reasons, of course, for regarding foreign affairs as belonging to the Imperial Government, but the case is not so clear for the currency. There is nothing in the Constitution that covers the point or even looks in that direction, and in fact the New Zealand Parliament has acted on the currency in a vigorous manner. See for example the Act of July 7, 1856, authorizing the issue of paper currency, and the Act of September 2, 1893, providing for legal tender bank notes with the Government's guarantee behind them. Another thing which tends to negative any intent to control New Zealand in respect to the currency is the fact that in the first Constitution Act passed by the English Parliament for New Zealand, August 28, 1846, it is clearly stated in Section 7 that "The General Assembly of New Zealand is authorized and empowered to make and enact such laws as may be required for any of the following purposes: . . . fourthly, for regulating the current coin of the said Islands or the Issue therein of any Bills, Notes or other Paper Currency." It is quite possible that England might object to a change in the money unit that would throw New Zealand out of tune with the rest of the Empire. An unlimited issue of paper might also be objected to. But any reasonable monetary action is not likely to meet with opposition from the Mother Country. Interference with currency legislation was one of the prime causes of the American Revolution, and England is not likely to offend again in the same way. If there is any tacit understanding or limitation as to currency legislation, it must be very indefinite and flexible, and may doubtless be easily modified to any needful extent. If New Zealand's statesmen get to studying the Multiple Standard<sup>13</sup> and find they can protect themselves in large degree from the evils of falling prices and save a lot of foreign interest charges by a little scientific monetary legislation, they could doubtless proceed without fear of interruption from England.

#### PRACTICAL FREEDOM AND INDEPENDENCE.

On the whole, taking the widest scope that can be claimed for England's authority, New Zealand is practically inde-

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<sup>12</sup> He has recently received an equally vigorous intimation that the Boers have a good appetite for self-government also.

<sup>13</sup> For information concerning the Multiple Standard, see "Rational Money" Equity Series, 1520 Chestnut street, Philadelphia, Pa.

pendent, except in respect to international matters, and the little liberty she yields is more than compensated by the benefits of federation in the British Empire. New Zealand may with other colonies in the Empire put in a plea for representation in the Imperial Parliament, but otherwise, England's treatment of her is in fair accord with the principles of self-government, and it is quite probable that New Zealand would not take part in the Imperial Government even if it were offered to her, for she would have to accept the burdens and responsibilities of the Empire along with its powers and honors. She would be taxed to pay its debts, whereas she pays no imperial tax as things are now, while enjoying the protection of the imperial power and prestige, with practical freedom in her own government.

New Zealand's Constitution can be changed at any time by vote of her Parliament, subject to the possible dissent of England, which is very unlikely to be interjected and practically certain not to be persisted in if New Zealand proves firm, even if the change should be objected to at the start. In reality New Zealand can mold her constitution much more readily than we can ours.

As a matter of substance and practical fact New Zealand is a republic, tho not entirely so in form.



## CHAPTER 7.

### THE GOVERNMENT IN OPERATION.

The first Parliament met in 1854 at Auckland, which continued to be the capital until 1864, when the city of Wellington became the seat of Government. The first session was stormy and ineffectual and lasted only a few weeks. Those who had drawn up the Constitution had neglected to provide for a responsible ministry, *i. e.*, a ministry that could be brought to an end by vote of the House; and the Colonial Office in England had sent no instructions on the point. The Governor was surrounded by officials who formed a sort of cabinet directing the administration of the various State departments. These officials were not inclined to give up their places without a struggle, and a battle ensued between the administration and the Assembly. Interminable wrangling, intrigue and even violence resulted. On one occasion the door of the House had to be locked to prevent the minority from running away to force a count-out, and one honorable member assaulted another with his fists. This performance, however, has never been repeated in the New Zealand Legislature, tho examples of later date have occurred in other countries.

#### A CABINET RESPONSIBLE TO THE HOUSE.

The Assembly carried its point. A bill was passed for the establishment of a ministry responsible to the House, and it received the assent of England, so that when the second Parliament met in 1856, it took control of the Cabinet. The Ministry is formed by a Premier appointed by the Governor, but on defeat of the Ministry in the House, or vote of want of confidence, the Premier and his Cabinet go out or get the Governor to dissolve the Parliament and appeal to the people

at the polls. If defeated there the Ministry resigns and a new one is formed.

The first Ministry under Sewall lasted but one week. The next under Fox lasted about two weeks. Then Sir Edward Stafford became Premier and held the office five years. Now and then since, a ministry has remained alive only a few days after it was born, but usually the ministries have lasted one, two, three, or four years, and the present Ministry has been in office 12 years.<sup>1</sup> When Sir George Grey retired from the Governorship in 1868, the real executive power passed to the Ministry, where it has remained ever since.

#### THE CONTINUOUS MINISTRY. PARTIES.

One of the most interesting facts in the history of the Government relates to what is called "The Continuous Ministry," which was formed at this time. It was a shifting combination or series of combinations among public men, whereby the Cabinet, tho modified from time to time, was not completely changed, but was kept under the influence of the combine and on its line of policy. This Continuous Ministry was born in August, 1869, and in the 21½ years from that date, till 1891, it held office for between 16 and 17 years. The only interruptions were due to Stafford's ministry, which held for a month in 1872, Sir George Grey's Cabinet 1877-9, and Sir Robert Stout's, 1884-7. None of these supplanting ministries had strong majorities or thoro control of the House. So that the long-lived ministry and its friends had things practically their own way from 1869 to 1891. From 1869 to 1877 its leaders were Fox, Vogel and McLean. It came back in 1879 as the Hall, Whitaker, Atkinson combination, which continued in power till 1891, excepting the Stout-Vogel years of 1884-7.

The Continuous Ministry was mildly democratic and progressive at first, but became more and more conservative, especially in respect to taxation, land and labor. Its opponents gathered about Sir George Grey, John Ballance and Robert Stout and formed a Party of Progress, which took the name of Liberal, and since 1876 has been a growing power in the Colony, altho there is no party organization outside of Parlia-

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<sup>1</sup>And its supporters have now been re-elected for three years more, *i. e.*, till 1905.



CHILDREN OF A MAORI CHIEF.

The middle one is a boy, the tallest (Powharo) and the smallest are girls. The little girl (Juhana), seated, is a good type of a handsome Maori child. The garments are of native flax woven in long mats or mantles. The Maoris had no wool, cotton, silk, or linen, but besides the flax they made mantles of feathers and dog-skin. A chief's dress of kiwi feathers (the soft, fine, hair-like plumage of one kind of New Zealand's wingless birds) would occupy a first-class artist two years.

The women spoke and voted in the native councils, and would fight, too, upon occasion; so that the Government, which, in the first years of the Constitution, was still largely occupied with its relations to the Maoris, had not only the native men to reckon with, but the women also, making a total adult body twice as numerous as the white male settlers.

ment. Political parties, as we know them in America, do not exist in New Zealand.

#### IMPORTANCE OF THE MINISTRY IN RESPECT TO LEGISLATION.

The Ministry is important in New Zealand, not merely because it holds the real executive power, but because of its determining influence on legislation. Practically all the important bills are framed and discussed by the Cabinet and introduced in Parliament by the Ministry. Any member may introduce a bill if he chooses, but the House has always been relatively intolerant of individual bills. It prefers to have the measures submitted to it carefully considered by its ministries and harmonized with the whole policy that is being pursued by the Government; then it is willing to discuss and adopt, amend or reject them as the case may be.

It is a common thing for new measures to be introduced by individual members in session after session, for several years, until they get backing enough to indicate that they are really wanted, and then the Government, *i. e.*, the Ministry, will bring down a bill of its own on the same lines, or support the private bill. Under this practise only such legislative buds as can bear considerable frost are likely to blossom out and bear fruit.

As a Ministry is liable to lose its head at any time through defeat in the House of an important bill supported by it, or by direct "vote of want of confidence" by the House, it watches carefully the progress of debate in the House and the movement of public opinion throughout the Colony. If the tide goes strongly against a Government bill the Ministry may drop it before the final vote, or it may push on to a test vote, and if defeated call on the Governor to dissolve Parliament, and then take the issue to the people at the polls.

#### THE DEBATES.

The main debate on the general principles involved in a bill usually comes upon motion for its second reading, tho discussion sometimes centers about the third reading. If the measure passes the second reading the House goes into committee of the whole to consider the details. The small committee system so powerful with us is not in vogue in New

Zealand. All the amendments and details are dealt with by the whole House. The separation of the discussion into two parts, considering first whether the principle and policy is desirable, whether the House wants to endorse any law of that nature, and afterward devoting attention to the details, is an admirable practise and has a most beneficial effect. There is often a similar division in the law itself: that is, Parliament will decide on broad principles and leave the details to be filled in by regulations made by the department concerned, under the supervision of the Minister and with the approval of the Executive Council,—a method that gives great elasticity and practicality to the law.

If the two Houses differ in respect to details or amendments, a committee of conference is appointed to see if agreement can be reached.

The House is often more like a Board of Directors than a Legislature. The members listen to reports of the officers of the people's trust or great corporation that owns so many valuable properties, asks them numberless questions, and exercises a close supervision over the management of the people's business. At other times, however, when some new measure is proposed that awakens the opposition of "vested interests," the proceedings are no longer so quiet and business-like. Personal criticism, diffusive and irrelevant talk, measureless reiteration and insistence on objections of every sort, flood the legislative hours very much as in other countries. Sometimes a determined minority will hold off action for days or even weeks by wasting time in discussion intended simply for delay. This is called a "stone wall."

The total debates and proceedings of both Houses in a session sometimes fill 4 large volumes with 3,400 big pages, containing about 3,500,000 words (in 1901 for example). But this is nothing to the atmosphere put out in verbal form by our Congress and State Legislatures. The 57th Congress' 1st session (1901) filled 8 big books with 7,390 pages, twice the size of the New Zealand Hansard, containing about 15,000,000 words, without the index, which amounts to 1,318 pages more. Including the State Legislatures something like 150,000,000 words are let off in our legislative halls in a good year.

## CHAPTER 8.

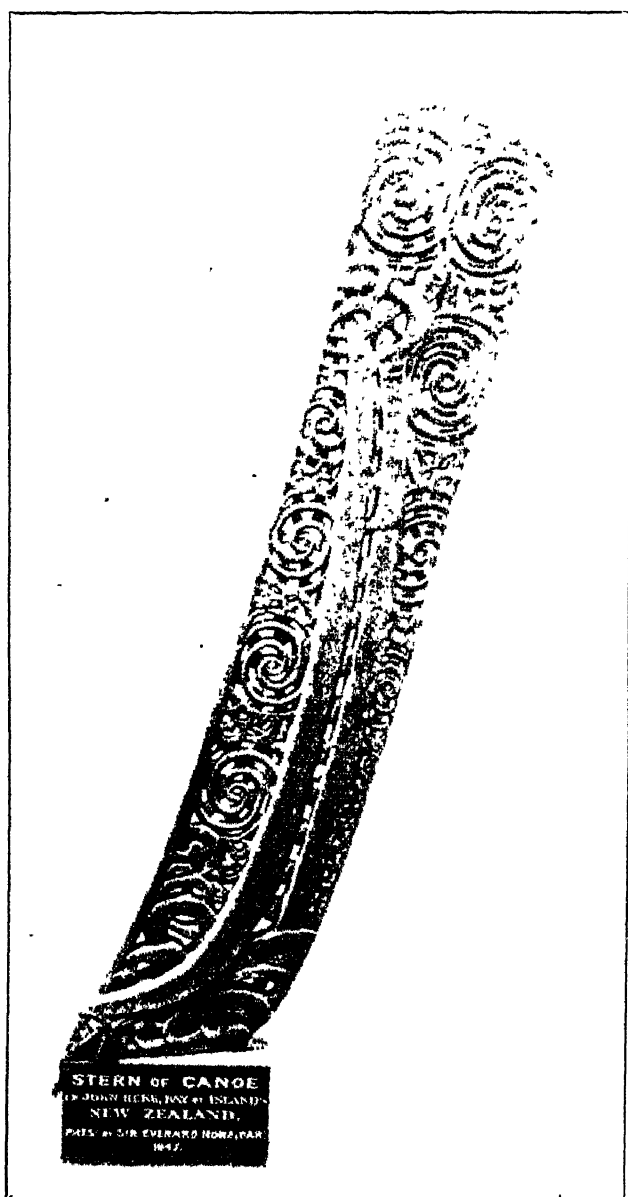
### LEGISLATION.

From about the middle of December, throughout January, February and March, which are the summer months in New Zealand, Parliament does not sit. Most of the important laws are passed toward the end of the session in September, October and November. The Assembly enacts a small volume of laws each year, consisting for the most part of amendments, repeals and revisions of former legislation. From 1876 to 1894 it is said 2,972 measures passed and 1,602 have been repealed. Every few years the land laws, municipal laws, electoral laws, etc., are gathered up and re-enacted with amendments in consolidation acts. The changes in the law are not marked in any distinct way, so that one must carefully compare the successive laws in order to know what alterations have been made and when. A most excellent custom prevails of placing at the opening of each important act clear definitions of the principal terms used in it, about the meaning and scope of which any difference of opinion might be possible. This shortens and simplifies the law by eliminating explanatory and limiting phrases from the active clauses and avoids the need for much judicial interpretation.

The form of enactment is usually simple; most of the laws beginning with the words: "Be it enacted by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same." Sometimes this is preceded by a "Whereas" paragraph, stating the reasons for the act. In case of revenue acts the formula is not so simple. Tax acts, even down to the present time commence in this way:

"Most Gracious Sovereign, We, your Majesty's most dutiful and loyal subjects, the House Representatives of New Zealand in Parliament assembled, towards raising the necessary supplies to defray your Majesty's public expenses and making an addition to the public revenue, have freely and voluntarily resolved to give unto your Majesty the





#### MAORI CARVING.

Stern Post of a Canoe, 1847.

*The Maoris not only carved their canoes, houses and gateways, engraved their bodies and chiseled their faces, but were equally expert at carving their enemies; and as they still far outnumbered the whites in the early constitutional period, the Government spent much time considering native questions, and the best means of avoiding an epidemic of carving.*

duties hereinafter mentioned, and do therefore most humbly beseech your Majesty that it may be enacted; And be it enacted by Your Most Excellent Majesty by and with the advice and consent of the General Assembly of New Zealand in Parliament assembled, and by the authority of the same as follows:—

The early legislation of the Assembly was largely concerned with the rudiments of civic organization and the adoption and adaptation of English laws and precedents.

Like the Pilgrims in the *May Flower* and other colonists who have gone from England, the New Zealanders carried the English law of their day with them. The common law and statutes of England existing at the time of New Zealand's annexation in 1840, became the basis of jurisprudence in the Colony, and were administered in its courts, except so far as modified by the ordinances passed by the Governor in Council.

When the Parliament assembled in 1854 it went to work on the basis of the English common law and the statutes and ordinances just mentioned. Some doubt arising as to the extent to which English law was applicable in the Colony, one of the first acts of Parliament in 1858 declared that:

"Whereas, the laws of England, as existing on the 14th day of June, 1840, have until recently been applied in New Zealand so far as applicable to the circumstances; but, Whereas, doubt has arisen in respect to such application—Be it declared and enacted that the laws of England as existing June 14, 1840, be deemed and taken to have been in force on and after that day and shall hereafter continue in force."

The early years of Parliament were filled with acts relating to land, revenue, native affairs, provinces, courts, civil service, elections and corrupt practises, naturalization, marriages, criminal law, frauds in sales, banks and currency, customs duties, building societies and friendly societies, municipalities, the post-office, postal savings banks, electric telegraph, etc.

#### FRIENDLY SOCIETIES, AGRICULTURAL SOCIETIES, ETC.

In 1856 Parliament provided for the incorporation of friendly societies, and further laws were passed in 1867 and 1875 and a Consolidation Act was enacted in 1877. The object was to provide for relief in sickness, maintenance of widows and orphans, subsistence when out of work or in distress, insurance against death or fire, annuities, cattle insurance, and to carry out any benevolent object, or any purpose whatever that might be deemed proper by the Governor.

Building societies, industrial and provident societies, agricultural and pastoral societies were also established in early years. The industrial

societies might invest in real estate, hold, sell and exchange mortgages, lease or build on their land, invest in Government bonds, or in postal savings banks, or shares of a building society or other industrial society, lend money to their members, and devote their profits to any lawful purpose they desire. The liability of members is limited.

Any fifty or more persons may form an agricultural and pastoral society under the Act of 1877 for the purpose of promoting the advancement of agriculture, the improvement of live stock, and the related arts and branches of rural industry; the methods or "objects of the society" being to collect from agricultural publications information that may be useful to cultivators of the soil, correspond with other agricultural societies, to get new data and to undertake experiments and employ persons to make them; to encourage men of science to give attention to the matter of agricultural implements, the application of chemistry, destruction of injurious insects, eradication of weeds, etc., to promote discovery of new varieties of grain and vegetables, to gather information as to the management of woods, plantations, fences and every other subject connected with rural improvement, to take measures for the improvement of veterinary art, to give prizes for the best modes of farming and improving the breed of live stock, and to encourage enterprise by exhibitions and prizes for the best exhibits, inventions, improvements, skill and excellence in agriculture or pastoral arts.



## CHAPTER 9.

### CHIEF QUESTIONS OF EARLY YEARS.

During the first two decades of self-government the chief political questions were native affairs and the relations of the provinces to the central government; but underneath both was the eternal land question, which was not only the subterranean force under both these troublesome conflicts, but came to the surface at times in specific eruptions on its own direct account.

#### NATIVE AFFAIRS. LAND CLAIMS.

From the start the Government had refused to recognize excessive land claims based on burlesque bargains with the natives—such caricatures of contract as the Wentworth purchase of twenty million acres at 200 acres for a cent, or the twenty millions deeded to the New Zealand Company by chiefs who had no right to sell. But the means of adjudication were still very imperfect. In 1856 and 1858 provisions were made for the settlement of old land claims, the old limitation of 2,560 acres, or 4 square miles, for a single grant except under special circumstances being re-enacted as to claims arising before January 14, 1840, and grants in execution of claims arising under the Fitzroy regulations of 1844 being limited to 1,000 acres. The most serious difficulty of all, however, in connection with native lands, arose, not from private purchase, but from a supposed Government purchase at Waitara.

The Maoris distrusted the English. They knew their great Treaty had been made light of and practically disclaimed in Parliamentary debate in England, that the destruction of their rights under the constitution and instructions sent out by the Colonial office in 1846 had only been prevented by the courage and firmness of Governor Grey, and Grey was no longer in the Colony.

#### THE MAORI LAND LEAGUE. THE KING TRIBES. WAR.

Moreover, the growing numbers of the colonists alarmed the natives more and more. They saw themselves becoming the weaker partner as the whites spread over the islands, and a league was formed by a number of the tribes against further selling of land. To strengthen the land league, and prevent tribal wars by uniting the tribes under one ruler, some of the powerful Waikato chiefs determined to have a

king. The leader of the king movement, Te Waharoa, or Wiremu Tamihana, usually known as William Thompson, or the king-maker, was an educated brown-skinned gentleman, a Christian and a statesman, who wished to stop war, preserve his people and make them strong. After years of argument and speech making the Maoris chose the famous old war chief, Te Whero Whero, to be their king. The accompanying picture shows a conference of chiefs at Te Whero Whero's village. He and his tribe had embraced Christianity, and at the left of the village street you may see the chapel with its bell. Such villages with their strong stockades, surrounded by deep ditches, were very effective fortresses. For many years the "king country" in the middle region of the North Island was practically impervious to the whites. The kingites disclaimed hostility to the Queen, but would sell no land, nor allow any whites to settle among them, nor let boats or steamers come up their rivers. Colonel Gore Browne, the Governor, did not have Grey's tact or statesmanship. He treated the chiefs discourteously on the one hand, and on the other allowed the sale of guns and powder to the disaffected tribes, who are said to have spent \$250,000 in buying arms and ammunition between 1857 and 1860.

Finally, in 1860, came the "Waitara land purchase"—the spark that set all ablaze. A chief, Teira, and his friends sold the Government 600 acres they were occupying. The head of their tribe vetoed the sale. Government commissioners decided erroneously that Teira had a right to sell. The Governor sent an armed force to occupy the plot, and a war with the King tribes followed, which lasted ten years and cost New Zealand many millions. Sir George Grey was recalled and became Governor for the second time, December 4, 1861, but tho he offered the natives local self-government and used all his powers of conciliation, and tho 12 Imperial regiments were sent to New Zealand, which, with the militia, gave the whites about ten soldiers to each of the warriors of the King tribes, the conflict was not finally extinguished till 1870.\*

#### THE GOVERNMENT SEE-SAW. CHAMPIONS OF WAR AND PEACE.

Stafford, Fox and Whitaker, three of the greatest figures in the Parliamentary history of New Zealand, were the political leaders during these troublesome times. Stafford was one of the ablest premiers the Colony ever had, while Fox was unequaled as an opposition leader, tho not so strong a premier as Stafford. The result was an astonishing alternation of ministries. When Fox was in power his comparative weakness as a minister made it easy for Stafford to supplant him, and when Fox was on the floor in opposition his splendid powers of attack enabled him to oust Stafford. Nearly the whole time from May, 1856,

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\* A brief description of an encounter between the English forces and the Maoris in 1863 will indicate the sort of fighting material the Maoris were made of. Some three hundred Maoris were shut up in intrenchments at a place called Orakau. Without food, except a few raw potatoes; without water; pounded at by the English artillery, and under a hail of rifle bullets



THE "PAH," OR VILLAGE, OF TE WHERO WHERO.

On the Waikato River, North Island.

*The scene represents a meeting of chiefs to discuss important matters. See p. 64*

to April, 1873, either Fox or Stafford was in control, Fox being prime minister four times and Stafford three times in the seventeen years. This was New Zealand's great Ministerial see-saw. Fox led the peace party, acting with Grey in his efforts at conciliation, while Stafford and his followers thought reliable peace could be attained only through successful war. The alternation of these leaders in control of the Government produced an unsteadiness of policy that prolonged the war

Sir Frederick Whitaker, regarded by some authorities as the most remarkable public man in the Colony at this time, was in favor of declaring martial law and confiscating native lands in the districts of rebellion. Sir Frederick was not much in visible control, but for many years exerted a tremendous influence over political affairs, as the great adviser of the great doers. He finally won Fox to his views in 1863 and the Whitaker-Fox Ministry of that year carried out his policy of martial law and confiscation.

To punish the insurgent tribes and defray in part the cost of the war, the New Zealand Government confiscated more than three million acres of native land. This did not make the rebels feel any less like fighting, and as it proved difficult to settle in the face of native raids, and as considerable portions of the land were ultimately restored to the Maoris, it did not by any means cover the twenty million dollars cost of the war before its finish in 1859<sup>1</sup>

In June of that year, after 4 years of Stafford's war policy, Fox and the peace party came into power, and, with his great ministers, Vogel and McLean, finally succeeded in establishing peace and prosperity in the Colony. Donald McLean, Native Minister from 1869 to the end of 1876, by liberal payments for service, skillful land purchases, courtesy to the chiefs and tact and good humor with the people, won the active aid of the friendly natives against the insurgents, and finally established peace on a basis of fair and friendly treatment, which, with the influence

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and hand grenades; unsuccessfully assaulted no less than five times—they held out for three days, tho completely surrounded. The English general sent a flag of truce inviting them to surrender honorably. To this they made the ever-famous reply. "Enough! We fight right on, forever, forever, forever." Then the general offered to let the women come out, and the answer was: "The women will fight as well as we." At length, on the afternoon of the third day, the garrison assembling in a body charged at quick march right through the English lines, fairly jumping over the heads of the men of the Fortieth Regiment as they lay behind a bank. So unexpected and amazing was their charge, that they would have got away with but slight loss had they not, when outside the lines, been headed off and confronted by a force of colonial rangers and cavalry. Half of them fell; the remainder, including the celebrated war-chief Rewi, got clear away.

After their conversion to Christianity the Maoris would not fight on Sunday, and were more than surprised to find that the English, tho professing to be Christians, paid no respect to the Sabbath. On the dead body of a Maori general in battle was found the order of the day. It began with a prayer, and ended with the text: "If thine enemy hunger feed him; if he thirst, give him drink." When a Waikato tribe heard that the army of General Cameron was in a starving condition, they loaded a number of canoes with potatoes, goats and milk, and sent them up the river to feed their enemies.

<sup>1</sup> There were some slight hostilities in the opening months of 1870, but the war was practically at an end by the close of 1869.



REWI, A FAMOUS MAORI WAR CHIEF.

*This Waikato leader and his men showed desperate courage. In a siege in 1863, they refused to surrender, tho practically without food or water, sent the English word "We fight on forever;" held out three days and then charged straight through the British lines, many of them escaping. (See star note, pp. 64-66.) Another time when the Maoris were besieged, the English forces attempted to mine under the native garrison, but it took so long that the Maoris got tired and finally offered to come out and finish the mine themselves to expedite matters.*



of Maori representation in Parliament under the Act of 1867, has prevented any conflict between the races since 1870.

#### STATE VS. NATION.

The division of function between the Central Government and the Provincial or State Governments was the source of much trouble in New Zealand. From 1856 to 1876 the Provincial Question played a star part in the politics of the Colony. From the first many colonists thought the Provincial Governments superfluous, but for twenty years the majority in Parliament and out of it believed in the Provinces and were ready to forego quarrelling with each other on any other matter whenever the Centralists threatened the local Councils.

Governor Grey was an ardent Provincialist, and so till the middle seventies was Fox. Both were strong believers in the principle of local self-government, and regarded the Provinces as good applications of the principle. Stafford was a Centralist,—wanted union and a vigorous national government. He fully appreciated the value of local self-government, but thought the Provinces broke in too much upon the sphere of national interests which should be controlled by broad considerations of national well-being, and not by local prejudices and jealousies.

The question was not one of local self-government of local affairs; no one was opposed to that; but whether the Provinces should be allowed to absorb the powers of the General Government. They were carrying on the work of colonization and had the management and sale of Crown lands; education, police, laws relating to live stock and timber, harbors, the making of roads and bridges, etc., were in their hands, and they received a part of the customs duties, and nearly the whole of the land fund, with other revenues,<sup>1</sup>—pastoral rents, dog-tax, etc. Division of function and local government are excellent, but if the captains undertake to do the work of the Com-

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<sup>1</sup> By a "compact" arrived at in the session of 1856, each Province was, in effect, given the entire control of its public lands, and the entire receipts, except half a crown (62 cents) an acre, which was to go to the Central Treasury as a contribution for national purposes. By Act No. 67, 1858, the land revenue was confirmed to the Provinces and one-sixth of such revenue in New Plymouth, Auckland and Wellington was to be paid to the State, to be expended on the purchase of native lands, which meant simply buying more lands for those Provinces. The Provinces of the Middle Island already possessed their territory, for that island had been bought from the natives; but nine-tenths of the land in the North Island was still in the hands of the Maoris.

mander-in-Chief, confusion will result. That is what happened with the Provincial systems.

#### THE PROVINCES GO FOR THE LAND IN SPITE OF THE CONSTITUTION

The Constitution forbade land legislation by the Provinces, but Parliament easily evaded that limitation, and in practice till 1876 the Provinces administered the lands and spent most of the funds pretty much in their own fashion. The Waste Lands Act of 1854 enabled the Superintendent and Council of any Province to recommend to the Governor regulations for the sale, letting, disposal and occupation of Crown lands within its boundaries, proclamation by the Governor, with assent of the Executive Council (the Cabinet or Ministry), being sufficient to put them in force.

Act No. 22, 1856, authorized the Provinces to make land laws directly, subject to the Governor's dissent, but this was disallowed in England. The New Zealand Government, however, accomplished its purpose by passing almost as a matter of course any bills the Provinces drew up. In a few years the land legislation of the Colony was in a hopeless tangle. Every Province had its own system (subject of course to the controlling legislation of the General Parliament) and such vested interests on the part of the Provinces gradually accrued under this system that it was thought necessary for many years to permit each Province to carry out its own methods, and this arrangement was not finally abrogated till 1892, when the whole Provincial methods of the Colony were assimilated.

It is a curious fact that under a Constitution expressly intended to place the management of public lands in the Central Government, and exclude the State Governments from that field, the matter should nevertheless have been turned over to the Provinces, in spite of the dissent of the Home Government to the change. New Zealand does not stop at paper barriers, and her Assembly knows how to have its way regardless of England or the limitations imposed by the Constitution enacted by the Imperial Parliament.

*England*, however, by good sense or accident, *was right in this case*, and New Zealand was wrong, as she afterward realized, for the local control of land gave large incomes to the Southern Provinces with their ample estates and Wakefield prices, while the Northern Provinces with little land and low prices were very poor. This created endless jealousy and conflict, prevented symmetrical development, and defeated important national policies, as we shall see.



## CHAPTER 10.

### FREE TRADE IN LAND.

Coming now to the land question *per se*, which from first to last has caused more trouble and discussion than any other matter in the history of the Colony, we note that throughout the early years land was bought and sold like a manufactured commodity with ample facilities for speculation and the growth of great estates. Not till 1877 was there any vigorous and comprehensive effort to control these tendencies, and they were not actually controlled till 1891-2.

#### CHEAP LAND REGULATIONS.

The instructions sent with the Constitution authorized the Governor to make land regulations pending the action of the Assembly, and Grey, in 1853, in pursuance of this authority, issued regulations for the disposal of Crown lands. Under these rules town and suburban lands were sold by auction, while rural lands outside the limits of Hundreds were to be sold at 10 shillings an acre, with modifications which permitted the price to be reduced as low as 5 shillings on the certificate of a commissioner.<sup>1</sup>

This reduction of the ordinary price of public land from £1 per acre to 10 shillings and 5 shillings was meant to place the acquisition of a freehold within the reach of every man, but the result over the greater part of the Colony was directly the reverse. Enormous areas were bought up by pastoral tenants, monopolists and speculators, and locked up from settlement. Men of means bent on establishing vast estates and a Colonial landed aristocracy, bought miles of territory to keep, and speculators bought Crown lands to gamble with.<sup>2</sup>

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<sup>1</sup> These regulations did not apply to lands held by the Canterbury and Otago Associations (see *infra*), which, however, suffered greatly from the proclamation, as well as the rest of the Colony.

<sup>2</sup> Grey did not foresee the consequences of unrestricted sales at low prices, and those who followed him imposed no checks till immense areas had been bought up. Grey's friends point to the fact that the great purchases did not begin till after his departure, and maintain that if he had retained control of affairs he would have established safeguards. Very likely this is true, but the fact remains that low prices, without settlement conditions or limitation of holdings, left the doors wide open to monopoly, and created one of the greatest problems with which New Zealand has had to deal.

The speculator had no intension of cultivating. He simply waited for population, for the advent of the bona fide settler, and the rise of value that would come with him. When the settler came, the man who really wanted to use the land, he was confronted by a ring of speculators, who, having acquired the richest accessible blocks, asked three or four up twenty times what they had paid. Many capitalists, on the other hand, bought land in large quantities as the basis of a privileged order.

Suppose the roadways of the Colony had been papered with posters announcing in letters ten inches high:

## **CONTROL OF FUTURE GENERATIONS NOW ON SALE !**

PERPETUAL FRANCHISES TO TAKE THE EARNINGS OF UNBORN  
THOUSANDS BEING DISPOSED OF AT LOW RATES.

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### **MONOPOLY**

OF LIGHT, AIR, WATER, SOIL, AND ALL THE SOURCES OF WEALTH  
AND NECESSITIES OF LIFE AT 5s. AN ACRE.

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**SOCIAL CONSIDERATION, POLITICAL POWER,  
INDUSTRIAL MASTERY OF MEN AND WOMEN**

AND ALL OTHER RIGHTS AND PRIVILEGES THAT GO WITH OWNERSHIP OF THE LAND.

### **DEEDED BY THE GOVERNMENT**

TO INDIVIDUALS AND CORPORATIONS IN ANY QUANTITY THEY CAN PAY FOR

**AT £160 A SQUARE MILE,**

TO HAVE AND TO HOLD,  
FOR THEMSELVES, AND THEIR DESCENDANTS AND  
SUCCESSORS FOREVER.

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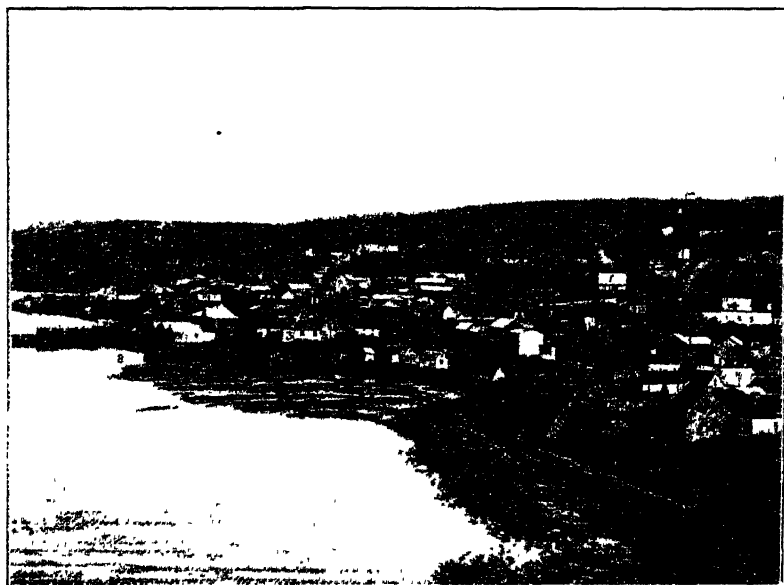
**SEATS IN THE SENATE AND HOUSE OF REPRESENTATIVES,  
BLOCKS OF VOTES, BATCHES OF LEGISLATION, AND  
CHOICE SLICES OF THE CONSTITUTION  
NOW OPEN FOR SELECTION ON EASY TERMS.**

New Zealand would have risen in arms to stop such proceedings clearly announced. Yet that is substantially what was going on, tho probably no one knew it except a few capitalists. The people did not fully understand the meaning of unrestricted sales of land till after the damage was done. Society does not do much more thinking about the future col-

lective welfare than a herd of buffalo, or a colony of grasshoppers. Everybody wanted land. There was a rush for individual possession.

#### THE SQUATTERS

In the Middle Island, a large part of which is especially adapted to grazing, the battle was mainly between the squatters and the settlers. Otago was settled in 1848 and Canterbury in 1850, by high-class associations,<sup>1</sup> working in conjunction with the New Zealand Land Company, and adopting the Wakefield system.<sup>4</sup> Squatters came from Australia, and seeing that the island was an ideal country for stock,<sup>5</sup> taught the



DUNEDIN (THE CHIEF SETTLEMENT IN OTAGO), 1858.

1 Dr Burns 3 Provincial Government buildings. 5 Brown's store, the first Post-Office, corner Stafford and Princes Streets 8 Present site of the "Star" office, outside of which there are now three streets, a railway line, station, goods sheds, yards and wharves, for shipping

<sup>3</sup> Scotch Presbyterians settling Dunedin, in Otago, and English Episcopalians founding Christchurch, in Canterbury. These settlers, like the New Zealand Company's immigrants were picked men. Many afterwards became noted leaders of the people, and such was their high character and ability that they gave a superior tone to the Provincial councils and to Parliament, which it has since retained, and which has marked it as the premier legislative body of Australasia. New Zealand is frequently adopted as a model by the other colonies with respect to legislation and administration. (Epps' "Land Systems of Australasia," p. 141.)

Dunedin and Christchurch constituted, and have continued to be, the two main centers in the Middle Island.

<sup>4</sup> See chapter on Colony Building.

<sup>5</sup> Long, treeless stretches of grass land, well watered and green the year round, with a mild but invigorating climate, made the region the best pasture land in the world.

new settlers to look to wool and meat rather than oats and wheat for their support and profit. In a few years the whole east and centre of the islands, except a few insignificant cultivated patches, was leased in great runs of 10,000 to 100,000 acres. As late as 1857 there were not fifty thousand acres of land under tillage in the Middle Island.

Socially and politically and often financially also, the runholders were the magnates of the Colony. Wool and meat became the leading staples. But the system of huge pastoral leases meant the exclusion of population from the soil. A dozen shepherds and laborers were enough for the largest run during most of the year. When the sheep had to be mustered and shorn a band of wandering workmen was called in. The work done, they tramped off to undertake the next station, or too often, to drink up their wages at the nearest public house.

The great leases were not so bad, however, as the great freeholds. The leases were terminable and could not be transferred without assent of the land officers, but the freeholds were eternal, and were salable commodities,—there was no end to the piling up of huge estates possible to the freehold. Immense tracts were swept up by the Shepherd Kings under Grey's cheap land regulations, turning their leaseholds into freeholds.

#### LAND LAWS

Parliament passed land laws, some general and many special, but nothing adequate. In fact, the property suffrage and the general weight of wealth, gave the big landlords the preponderance of power whenever they chose to exert themselves.

In 1858, a general law was passed providing that rural lands should be sold at auction in blocks not exceeding half a square mile, or 320 acres, at an upset price not less than 5 shillings an acre. Under this land could be sold at any price from 5 shillings up, and, in fact, many of the most valuable estates in the Colony were secured at 5 shillings an acre after 1858. As an example of the special legislation of this period, take the Southland Land Act of 1865, with its 14-year pasture licenses terminable on sale of the land (as by Grey's ordinances of 1849 and 1851), and its rentals fixed at a higher rate for small runs than for large ones.<sup>6</sup>

These acts show the state of the legislative mind on the land question in the fifties and sixties. They contained embryo restrictions, and reservations favorable to the people—the 320-acre limit, and the termination of leases on sale of the land—but there was nothing in them that could hinder the development of monopoly, and the rapid inrush of population consequent on the discovery of gold<sup>7</sup> and again on the

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<sup>6</sup> The annual rents were \$10 for each 100 acres on small runs (up to 1,000 acres); \$8.33 for each 100 acres for first 1,000 on medium runs (1,000 to 5,000); \$4.86 for each 100 acres in addition; \$4 for each 100 acres on large runs (over 5,000 acres).

<sup>7</sup> Some gold was found in 1852 and 1858, but the first payable gold field was opened in 1857, in the Nelson District. In 1861 enticingly rich deposits were discovered at Gabriel's Gully and other points in Otago. Digging with a butcher's knife in the gully that bears his name, Gabriel Read got \$140 worth

building of railways a few years later, gave special impetus to speculation.

“GRIDIRONING” THE LAND.

It was easy for a rich man to buy up section after section, or have them bought by employees and dependents, or gather them in by repurchase from the original buyers. There was no limitation on the area one man could hold, no discouragement of great estates by progressive taxation, or compulsory division. The low rent rate on big runs favored the large stock men. Squatters took advantage of low prices of land to get permanent possession of their pastures, and the less secure they felt their leases to be the more they sought to turn their titles into freeholds, at least so far as necessary to baffle their enemies, the settlers, who wanted the land for agricultural uses. Backed by the banks, the squatters bought right and left, and using their full local knowledge, were able to acquire frontages on roads and rivers, land round lagoons and waterholes, and the best patches to be found in the country. Wide stretches of leasehold were blotched, spotted and tattooed with blocks of freehold in such a way as to bewilder and baffle would-be purchasers. This process was called “spotting” or “grid-ironing.” It was free selection turned against the selectors. Free selection did not break up the squatters, but broke up the country instead. Runholders and speculators “picked out the eyes of the land” in such a way as to render the remainder of little value to anyone but themselves.

EARLY EFFORTS TO HINDER SPECULATION.

Even in this period of free trade in land, however, something was done in two of the Provinces to hinder speculation and favor close and genuine settlement. Under the law of 1858, the upset price or auction basis ranged from 5 shillings an acre in Auckland to £1 in Otago and £2 in Canterbury. The \$10 base in Canterbury and the \$5 rate with settlement conditions in Otago were at first effective, but even these

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of gold in ten hours. In 1862 two men came into Dunedin with \$20,000 worth of gold they had got by cradling and washing the sands of the Clutha River. Astonishing patches were found in the drift of the mountain torrents. As a party were crossing a river, their dog was swept away by the current to a small rocky point. One of the diggers went to the rescue, and was richly rewarded, for from the sands by the rock he took \$5,000 in gold before night. The news of such discoveries, of course, spread like lightning throughout Australia, and stampede after stampede resulted. From 1857 to 1864 the population of New Zealand increased about 200 per cent. Prices of agricultural produce, food, lumber, etc., went up, and the demand for teamsters was so great in some sections that \$600 a ton was paid for the carting of goods 45 miles from Dunedin to the gold fields between Clyde and Cromwell.

Many rich discoveries of gold in sand and quartz have been made since the early years. Workmen building a public road uncover a gold mine; a tree falls in the forest and a gold mine is found at its roots. In one region more than \$6,000,000 have been taken from an area not exceeding 600 acres. The Calidonian Claim yields over \$3,000,000 of dividends a year. The total production of New Zealand's gold fields, 1857 to 1901, is \$290,000,000, or about \$3,000 per square mile for the whole country and \$360 per head of population, against \$200 per square mile and \$30 a head in the United States for a whole century.

barriers proved wholly insufficient in the seventies, and monopoly and speculation went merrily on their way even in these guarded Provinces.

#### OTAGO'S SETTLEMENT CONDITIONS.

As early as 1856 Otago had set the example of insisting on an outlay of 30 shillings an acre in improvements by each purchaser of public lands. In 1861 the purchaser of "waste" or public land had to make improvements upon it in two years equal in value to twice the purchase money. And the efforts to enforce these settlement conditions met with considerable success. Canterbury's plan of free selection at £2 an acre without restriction of area or settlement conditions, also proved effective in securing genuine settlement and ample funds for the public treasury. The land sold in Canterbury and Otago brought on an average six times as much as that disposed of in Auckland. The southern provinces had millions to spend, while insolvency looked the northerners in the face. There great estates were being accumulated by purchase at low rates, while men in the high-priced districts were painfully saving their earnings to buy small farms.

#### CANTERBURY'S HIGH PRICE FOR PUBLIC LAND.

*Canterbury* was the place in which the Wakefield system had its fullest trial. A high price was fixed on the land and steadily adhered to for no less than 40 years. At first the price was £3 an acre,<sup>8</sup> £1 of which was to go for a church and educational endowment (*Canterbury* was a Church of England settlement). Governor Grey set himself to stop this alliance between church and state and succeeded shortly in cutting off this £1 for the churches and their schools, leaving the rate in *Canterbury* £2 an acre, the receipts being spent to aid settlement and development, build roads, bridges and other public works. For some years portions of the Provinces were subject to the cheap land regulations of Sir George Grey, under which so many blocks were sold to large proprietors at 5 shillings and 10 shillings an acre. In these parts some large pastoral freeholds were developed. But where the uniform high price was changed scarcely any such monopoly building occurred.

While the high price of land concentrated population, and prevented many of the discomforts and drawbacks of early colonization, and hindered speculation, yet on the other hand it kept the laborer working for others longer than in the settlements where land was to be obtained at a lower price and where a man by hard work could fight his way sooner to independence. In Otago greater facilities were given for men of small capital to settle on the land. *Canterbury* was more aristocratic and consisted largely of employers and employees; while Otago

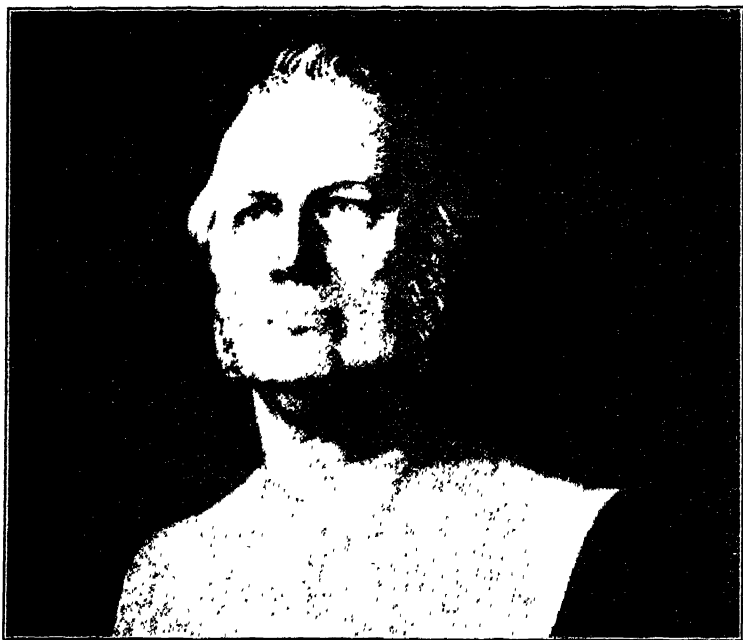
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<sup>8</sup> For farming land; town lots were \$60 up. By the Association's Charter, 1851, one-sixth of the land revenue was to go to the Government, one-third to religious and educational purposes, one-third to immigration and one-sixth to surveys and other expenses.



was democratic and contained a much larger proportion working independently for themselves.<sup>9</sup>

The experience of Canterbury showed, however, the correctness of Wakefield's idea that a high price would check monopoly and speculation. For 20 years genuine settlement went on under the Wakefield price, the land revenue furnished millions for developing the country, and the tracts thus settled are to-day one of the best-farmed districts in the colonies. But the land system broke down in the seventies because of its inflexibility. Railways were rapidly built, there was an inrush of population, the land fever came with it, £2 was no longer a sufficient price, but the people neither raised the price nor imposed



GIBBON WAKEFIELD.

*From a bust representing the great colonizer in advanced years.*

settlement conditions. The result was a period of speculative buying during which all the agricultural land in that part of New Zealand passed from the State, and then a ruinous collapse. A price quite "sufficient" in ordinary times may be totally insufficient in a boom or a period of rapid progress. The people must alter their laws as conditions alter; they must make their institutions as flexible as the market, or else they must control the market. If they neither control the market nor adapt their regulations to its changes, their laws and institutions will be overwhelmed by it.

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<sup>9</sup> Moss, "History of New Zealand."

## CHAPTER 11.

### THE TORRENS SYSTEM OF TITLE REGISTRATION.

#### LAND TITLES GUARANTEED BY THE GOVERNMENT.

##### Easy, Inexpensive, Swift and Certain Transfer.

One land law of this period is so important that it deserves a separate section. It greatly simplified and cheapened the transfer of realty, and replaced the uncertainty of ordinary titles with the certainty of titles guaranteed by the State.

The difficulties and uncertainties surrounding land titles under the ordinary system are very great. It is often necessary to search through many big volumes of deeds and mortgages, and carefully construe the provisions of various wills and conveyances in order to follow the title to its source and form an opinion as to its validity. And after all, the opinion, when rendered, even by the most accomplished expert, may prove fallacious, and the purchaser may lose his land from some defect of title.

In 1860 an act was passed in New Zealand to remedy this condition of things by establishing what is known as the Torrens system of title registration.<sup>1</sup> Land Registry Offices were

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<sup>1</sup> Recent New Zealand Year Books date the new system from 1870, but that is a mistake. The law was revised, improved and re-enacted in 1870, and registration since then has been under that law; but registration of titles was established by the Land Transfer Act of 1860.

The system was invented shortly before this by Sir R. Torrens (collector of customs at Adelaide, South Australia), who devised a method by which registration was combined with a system of indorsement on the original title deed of all changes in the ownership of the land, so that, instead of a tedious, costly and uncertain examination of a long series of involved legal documents, the purchaser may with certainty and without expense ascertain the title at once by looking at the Government register in the land transfer office of the district. Having thought out his plan of cheapening and simplifying dealings with land by a system of registered proprietorship, he submitted the scheme to the most eminent local authorities on law, but they threw cold water on it. Other advisers, however, less learned in the law, thought better of it, and an

established independent of the ordinary registries of deeds and mortgages, in order to register titles instead of evidences of title. *A man may give the registrar his deeds and the names of all persons interested, and the registrar investigates the title once for all. If he finds it valid, he accepts it and registers the applicant as proprietor, and gives him a certificate to that effect.* The registrar keeps the deeds and other past evidences of title which are thenceforth consigned to oblivion in the archives of the department. The certificate gives an indefeasible title in fee subject only to such incumbrances and charges as are entered on the register. All that the intending purchaser has to do is to consult the register from which he learns at once who is the owner of the land and what burdens, if any, rest upon it. He is therefore able to complete the transaction with absolute security. The original proprietor hands over to the purchaser his certificate of title together with a duly executed transfer on the production of which to the registrar the buyer is in turn registered as proprietor and holder of the certificate of title. Each transferee, therefore, acquires by registration an independent title on a level in point of simplicity and security with a Government grant.

The law of 1860 made an exception in case of a transferee without value; providing that such transferee should be subject to unregistered claims binding on the transferor. But the Land Transfer Act of 1870 improved the law in this respect by enacting that, except in case of fraud, no transferee should be required to investigate the consideration given, or the circumstances of the registered proprietor.

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agitation was begun in its favor, which, after a short contest with the legal profession, resulted in putting the plan in the statutes of South Australia in 1858.

The substance of the system is simply this: "Any land owner may take his evidence of title to the land transfer office, and, on proving title to the satisfaction of the registrar, who acts on behalf of the State, may have his land registered to him as owner and receive from the office a certificate to that effect. This registration gives him an indefeasible title, and if he wishes to sell he does not have to trace his title beyond the one registration in the land transfer office. The Government guarantees that title. In case of sale, he fills out a simple memorandum of the transfer, and this, with his certificate, is taken to the registrar, who enters the transfer on his book and on the certificate. This completes the transfer and confers upon the purchaser the indefeasible title with the Government guarantee. It is the registration that transfers the title, not the making of the memorandum nor the signing or delivering of any certificate. Wherefore the title may at all times be ascertained by a glance at the registrar's book."

After watching it at work in South Australia a little while, the other Australian colonies adopted it, one after another, till all now have it in

A person claiming under a trust or equitable interest may enter a "caveat" on the register which gives notice of his interest to any person dealing with the land. The acquirement of rights in land by the common law method of adverse possession and user, or what is called title by prescription, is not possible under the new system which makes registration essential to proprietorship.

The special article on the Land Transfer System in the Official Year Book for 1894, says that up to that time no fraudulent dealing had come to light attributable to the land transfer system, and careful search has failed to reveal any sign of such difficulties since. Mistakes in surveys, especially those of early years, have caused some trouble, but ample provision is made by the law for compensation in such cases from the "Land Transfer Assurance Fund," established by the Government and kept safe in the hands of the Public Trustee. So that land transactions under this system are practically guaranteed by the Government.

The Assurance Fund is maintained by a contribution of a halfpenny in the pound on the value of all land brought under the Act upon application of the proprietor. This is really Government insurance of titles, which differs materially, however, from title insurance by private companies as we have it. Under the New Zealand system it is only necessary to insure a title once,—it is forever after a guaranteed title under the Torrens registration, whereas with us the title must be newly insured at every transfer of it. Moreover the Government guarantee is much more solid than that of our private companies, which may fail or take advantage of some condition in the policy, and have always the disadvantages of our complex and uncoördinated registration to contend with.

The Torrens method of dealing with titles is admirable for its security and economy. The expense of difficult examinations of title is done away with. No legal assistance or technical knowledge is requisite for the investigation of the title that is registered under the Torrens system. As the law,

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operation. Everywhere it works smoothly, and sales, mortgages and leases are completed in a few moments, instead of the hours, days or weeks that were frequently consumed under former methods, and "at a tenth of the cost to a conveyancer's client under the old system." Best of all, it makes life more certain, and saves worry. No transferee under the Torrens law need lie awake nights in anxiety about his title, for the Government is behind it.

however, is limited to land alienated by the Crown since its enactment and to such other land as may be brought under the operation of the law by voluntary application of the proprietor, it will take a good while to bring all the freeholds of the Commonwealth within the new system.<sup>2</sup>

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<sup>2</sup> England passed an ineffective law for Government registration and guarantee of titles in 1862, but, as it frequently cost \$1,000 or more for the preliminary searches, little use was made of the act. In 1897 an effective law was passed. Massachusetts has now an act for the registration of titles which went into effect October 1, 1898. Illinois, Ohio, California, and perhaps other States, have passed similar laws. In Illinois it was held unconstitutional. The system has been adopted in Germany, Switzerland, Austria-Hungary and part of Canada. It began in South Australia in 1858; took root in New Zealand in 1860; Queensland, 1861; New South Wales, Victoria and England, 1862; Tasmania, 1863; West Australia, in 1874; Manitoba, 1883, India, 1884, and Massachusetts, 1898.



## CHAPTER 12.

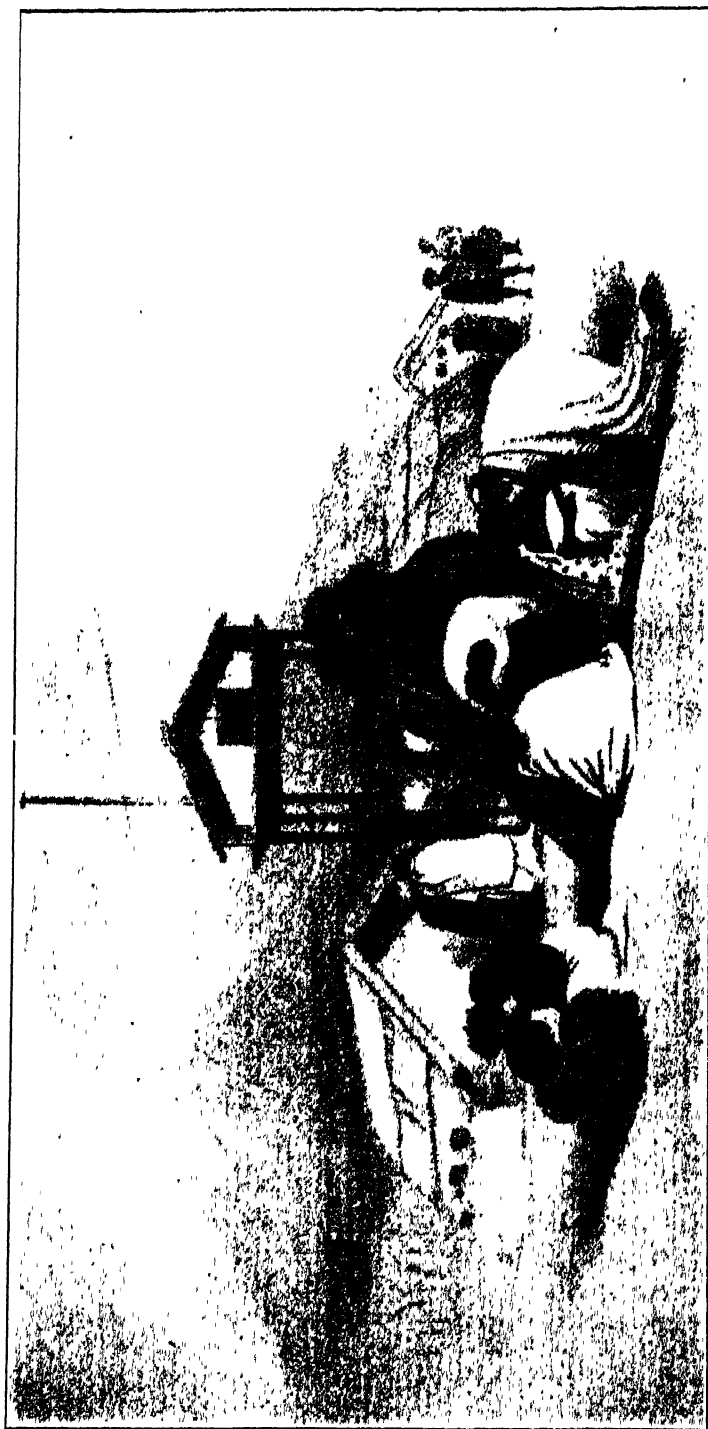
### MUNICIPAL CORPORATIONS.

In January, 1842, Governor Hobson framed an ordinance for the establishment and regulation of municipal corporations. The preamble read as follows:

"Whereas, it is necessary that provision be made for the good order, health and convenience of the inhabitants of towns and their neighborhoods; And, Whereas, the inhabitants themselves are best qualified, as well by their more intimate knowledge of local affairs as by their more direct interest therein, effectually to provide for the same; And, Whereas, the habit of self-government in such cases hath been found to keep alive a spirit of self-reliance and a respect for the laws, and to prepare men for the due exercise of other political privileges; Be it enacted," etc.

It was provided that any place of 2,000 people or more might choose each year a mayor and council or board of aldermen. The burgess roll or list of citizens entitled to vote was to include every male inhabitant 21 years old, who paid a poll tax of 20 shillings; each citizen or burgess was to have one vote, and his franchise was to be exercised by giving in a ballot paper. This ordinance, however, was disallowed by England. In 1884 the Governor tried again with an ordinance substantially like the former one. It was reserved for England's approval, but confirmation was never notified. Tho unsuccessful these early efforts are interesting for the democratic tendencies they disclose.

The Royal Instructions of December 23, 1846, accompanying the first Constitution Act, provided for the establishment of municipal corporations and stated the qualifications of burgesses or citizens as follows: "Every male person who on the first of January in each year had been in occupation of any tenement in a borough for six months was to be a burgess for the ensuing year, with the limitation, however, that this franchise should not belong to any alien or person of unsound mind or infamous criminal or pauper or tax defaulter, nor to any person not able to read and write in the English language,—a condition that excluded the Maoris.



RUBBING NOSES, THE MAORI SALUTATION.

*In place of kissing or shaking hands, the Maoris rub their noses; together, sometimes continuing the process for a considerable time, when meeting after long absence. The picture represents a meeting of friends at a village in Taranaki, near Mount Egmont.*

Altho the first Constitution Act was suspended by the English Act of 1848 so far as it provided for State and Provincial Governments, the rest of its provisions and these accompanying Instructions from the Queen were left intact, with the proviso, however, that the Governor of New Zealand might by ordinance in council modify and depart from the qualifications of burgesses as stated in said Royal Instructions. In July, 1851, an ordinance was passed abolishing the requirement that a burgess must be able to read and write in English.

The New Zealand Parliament in 1867 provided that every person of the age of 21 years, who is the owner or occupier of any assessable property in the borough for which he is liable to be taxed, should be entitled to be enrolled on the burgess list and to vote in all elections of councillors for the borough according to the following scale: one vote if the ratable value of property on which he paid taxes was less than £50 (\$250); two votes, if such ratable value was between £50 and £100; three votes from £100 to £150; four votes from £150 to £350, and five votes if his ratable value was over £350. The law of 1876 re-enacted these provisions, but added that in any election of the mayor or auditors, each citizen should have only one vote.

Municipalities were very early given large powers in reference to their streets and for the construction, purchase and operation of markets, water works, lighting plants and other public utilities.

#### WATER WORKS.

It was provided that any Municipal Council might construct or purchase, and operate water works, and supply the people in or out of the city or town with water,<sup>1</sup> or the Council might contract with private parties for the supply of water; such contract, however, must be submitted to a referendum, and any loan required for the building or purchase of water works must also be adopted by a referendum vote. County Councils, and in some cases Road Boards may also construct and maintain water works.<sup>2</sup>

#### GAS WORKS.

The Council of any city or town may establish and operate gas works to light the streets and supply the inhabitants or

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<sup>1</sup> See Municipal Corporations Act 1886, Sec. 312 to 316.

<sup>2</sup> No. 42, Acts of 1891.



people outside the limits of the borough. It may also purchase gas works built by private companies; or it may contract with a company for the lighting of streets, public buildings, etc.<sup>3</sup>

#### ELECTRIC LIGHTING.

The Governor was authorized to establish electric lighting for public offices and buildings, and any local authority having power to construct public works was given the right to construct and maintain electric lines as a public work, and supply itself and the people with electricity. No one but the Governor, or such local authority, has a right to construct an electric lighting plant to supply the public with electric light without a special Act to that effect. Private parties are permitted to put up lines that do not go outside of the building where the electricity is generated, but must have special permission for any undertaking of a public nature.<sup>4</sup>

#### STREET RAILWAYS OR TRAMLINES.

In 1872 the Tramways Act provided that tramlines may be built by a local authority or by a private party or corporation with consent of the local authority which may make any terms it sees fit to prescribe in return for such assent. If the tramways are built by a private company the local authority after 21 years may buy the plant. No tax funds may be spent for construction or purchase, however, except upon a referendum vote of the tax payers. The municipality may lease the roads, but had no right to operate them under the law of 1872. In 1886, however, it was provided that the Municipal Council may construct, maintain and operate tramways throughout any city or town and beyond it, the question whether or not to build such lines being decided by a referendum vote of the citizens. If a loan is desired, that also must be submitted to a poll. The Council is authorized to use horse or steam or other power to propel carriages on the tramways, and to regulate the traffic and determine the fares. It may buy tramways built by private parties, and may lease its lines if it sees fit, but not for more than 21 years at a time.\*

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<sup>3</sup> See *Municipal Corporations Act 1886, Sec. 353, et seq.*

<sup>4</sup> *Electric Lines Act 1884*

\* For later developments see chapter 64.

## CHAPTER 13.

### THE POST-OFFICE.

Provision for the establishment of postal service had been made by ordinance of the Governor soon after annexation. In June, 1858, the Assembly passed a law for the regulation of the post-office and authorizing the Governor to establish post-offices, appoint postmasters and fix the rates.

Postal cards and money order facilities were provided in the early years, and the letter rates were fixed at 2 cents a half ounce for local letters and 4 cents a half ounce for letters to be delivered from another office than the one in which they were posted.<sup>1</sup>

Postal notes came into use in 1885. They can be bought at a cost of 1 cent to 12 cents in denominations from 25 cents to \$25.

A *parcels post* went into operation October 1, 1887. A foreign parcels post through the London Office to nearly all the countries of the world was established in 1890, and July 1, 1900, a parcels post system was established direct with the United States, New Zealand and Germany being the only countries that have secured such arrangements with this country. The facilities afforded for the transmission of parcels through the post-office to places within and without the Colony have proved of much convenience to the public.

The regulations admit of parcels up to 11 pounds, and not over 3 feet 6 inches long, nor more than 6 feet in length and girth combined. Inland the rates are 12 cents for the first pound and 6 cents for each additional pound or fraction thereof. To England the rates are 1s. up to 3 pounds, 2s. from 3 pounds to 7 pounds, and 3s. from 7 pounds to 11 pounds. The rates to the United States and other foreign countries are 12 cents

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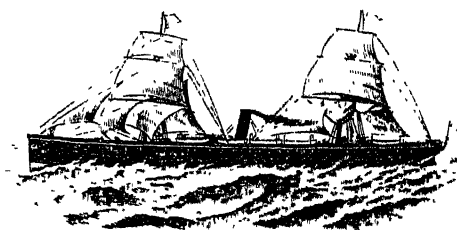
<sup>1</sup> See Postal Act 1881.

a pound. These rates are less than half the charges made by our express companies for similar services.

The Government will insure the parcels, and the service is much appreciated by the people. The rates are 4 cents for \$60 inland, 5 cents for \$50 to Australia and 6 cents for \$60 in the foreign post.\*

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\* For later developments see chapter 64.



*Mail steamships began to run to and from New Zealand in the fifties, and were hailed with delight by the colonists because they brought the mails from England so much more quickly than before.*

## CHAPTER 14.

### THE TELEGRAPH AND TELEPHONE.

Some telegraph lines were constructed by the Provincial Governments before 1865, but nothing was done in a national way until that year, when the General Assembly authorized the Governor to establish electric telegraphs and appoint a Commissioner of Telegraphs to manage them. Existing lines and offices were to be purchased and new lines built and a national system developed. The Commissioner made the regulations, fixed the rates, and employed operators to transmit all messages presented. It was made a punishable offense for any one connected either with the national telegraphs, or those that were the property of the Provinces, to divulge the contents of any message. The telegraphs afterward became a part of the postal system.

The precedent of public ownership thus established naturally led to Government ownership and operation of the telephone when this new means of transmitting intelligence was introduced.

The Electric Lines Act of 1884 provided for the establishment of telephone systems by the Governor, and prohibited any one else from constructing or maintaining for hire or profit any electric line for communication by telephone, except by the sanction of the Government. That is, the telephone was not permitted to become a private monopoly, but was made a public monopoly from the start. It is now a part of the postal system, and the Government is "hello girl" as well as postman, telegraph operator and banker.



## CHAPTER 15.

### POSTAL SAVINGS BANKS.

Mr. Gladstone secured the establishment of postal savings banks in England in 1861. Four years later New Zealand adopted the new idea, and since then almost every country in the civilized world, except the United States, has followed England's example.<sup>1</sup>

The New Zealand Post-Office Savings Bank Act (1865) stated its object to be: "To give additional facilities for the deposits of small savings at interest and with the security of the Government behind it." The deposits are guaranteed by the Government, and the law secures absolute secrecy by prohibiting the disclosure of the names of depositors, or the amounts deposited or withdrawn.

#### ENCOURAGEMENT OF THRIFT.

One of the great advantages of this postal savings system is that it supplies the great mass of the country people and the

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<sup>1</sup> Belgium, 1865; Italy, 1875; France, 1881; Austria, 1883; Sweden, 1884; Holland and Hungary, 1886; Russia, 1889, etc. It is estimated that there are now about 18,000,000 depositors in Government savings banks, with deposits of about \$800,000,000. The Australian colonies alone have a million depositors, and \$135,000,000 of deposits.

In this country, our great Postmaster-General, Hon. John Wanamaker, for the whole four years of his administration, urged upon Congress the wisdom of using "the postal arm of the Government to assist the people in the care of their small earnings," stating that postal banks were very successful in other countries; were of the greatest benefit to farmers and working people, bringing the means of saving within easy reach of their homes, and that "the effect upon a community of such an encouragement of thrift and good citizenship could not be calculated."

Mr. Wanamaker sent letters of inquiry to the postal departments of nearly all the European powers, and the answers stated that the postal banking system reached the rural districts, which were neglected by the private banks; that the postal banks were universally popular; that there was no opposition to them from private banks, the business of the latter coming from a different class of customers, and increasing side by side with the postal business; that the postal system encouraged thrift among people of small means, who in many cases would otherwise be without saving facilities; that the funds were easily and securely invested, and yielded enough to cover expenses and interest paid depositors (2.5 per cent in England; 2.64 per cent in Holland; 4 per cent in France, Finland and Belgium; 3 to 3½ per cent in Italy; 3.6 per cent in Sweden and Hungary, etc.), and some countries, as France and Italy, for example, reported a profit for the Government above expenses and interest paid depositors.



SIR EDWARD WILLIAM STAFFORD, G. C. M. G.

*The Great Premier of the war period (1860-1869), under whose administration the first title registration act was passed, and postal savings banks were established.*

working classes with the means of saving and profitable investment, thereby increasing and diffusing thrift and comfort. The ordinary banks do not receive small deposits, and private savings banks do not go into the rural districts.<sup>2</sup> About 470 post-offices or practically all the money order offices in the Colony are open under the postal banking law for the transaction of savings bank business, while there are but 5 private savings banks in the islands. This is not surprising for private savings banks are naturally confined to the more important centers where the business is large enough to support a private institution and yield it a profit. The post-office has the offices and machinery already in existence, and can receive deposits in the country districts and even make a profit on the business, where private banks established for that work alone would suffer a loss. In New Zealand there is a place of bank deposit for each 1,800 people. In the United States there is one for each 7,650 people. The total deposits in all sorts of banks is \$110 per head of population in the United States, \$125 in Great Britain and \$140 in New Zealand.

England made her system universal not only as to localities, but as to classes of people, by adopting stamp-cards by means of which children and others who must save on the homeopathic plan are able to prepare their deposits a cent or two at a time. This improvement was introduced into New Zealand in 1881.<sup>3</sup> The postal banks will not receive less than a shilling at a time, but printed forms are furnished on which stamps may be pasted, one or more at a time until the total amounts to a shillings or more, when the slip can be deposited as cash to the amount of the stamps pasted on it. School teachers are supplied with forms and stamps, and school children can buy a stamp at any time they have a penny, and paste it on a card for the postal fund. The name of the scholar is written on his card and he may take it home to show his parents that he has put the stamps on it. The cards are in the teachers' keeping, and monthly or quarterly a postal clerk

<sup>2</sup> There are only 942 savings banks in the United States, to 75,000 post-offices. Mr. Wanamaker found "the average distances of savings depositories from the post-offices (which are intended to be centrally located) to be as follows: In the New England States, 10 miles; Middle States, 25 miles; Southern States, 33 miles; Western States, 26 miles; Pacific States, 52 miles. These are average distances. In many rural localities the distances are much greater.

<sup>3</sup> Belgium, Holland, Finland, Italy, Hungary, etc., have also adopted the stamp slips. Our savings banks ordinarily do not receive less than \$1 at a time.

visits the schools, gets the filled up stamp-slips, opens accounts in the children's names in the postal bank, and the children accumulate funds and learn habits of thrift that may be the foundation of character and competence in after life.\*

#### GREAT SECURITY AND CONVENIENCE.

Another great advantage of postal banking, and of all Government banking, is its safety. The postal banks do not fail. No postal bank in any country has ever closed its doors for liquidation, or experienced a run on its funds. New Zealand depositors in Government banks are absolutely safe to the limits of human certainty, while the private banks even in that prosperous country are liable to fail at any time—the biggest bank in the Colony would have gone under a few years ago if the Government had not taken hold of it, and two of the private savings banks have recently become insolvent, leaving only 5 out of 7 formerly in operation, a failure of nearly 30 per cent in two years.

The facilities for withdrawal and transfer of postal deposits constitute a fourth advantage. The postal savings system is a bank with its officers all over the country. Money deposited in one post-office can be withdrawn at another. This is a great convenience to working people who move from one place to another, and to travelers. For example, if a workman living in Wellington deposits a sum of money in the post-office there and afterward moves to Auckland or any other place, the post-office will transfer his account to his new home, without the trouble and risk of withdrawal, conveyance and redeposit of his funds. In the case of a private savings bank, the workman must withdraw his deposit, carry it to his new home and deposit it in another bank, breaking the current of interest and risking loss of the money or draft on the journey.<sup>5</sup>

#### OTHER ADVANTAGES.

Again, the postal banking system supplies the Government

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\* Speaking of this plan, which is highly appreciated by the English people, the *Liverpool Daily Post* says. "The services of the post-office savings banks in the promotion of thrift are universally known, and the fact that the department affords special facilities for the saving of single pennies, no less readily than for the investment of hundreds of pounds, shows how all-embracing is its scheme for helping the people to help themselves."

<sup>5</sup> In Belgium a depositor may not only transfer and withdraw his deposits at any point, but may make new deposits on the same bank book in any post-office in the country; and rural inhabitants may hand their deposits to their letter carrier, who pastes a coupon for the amount in the depositor's book and signs his initials to it.



with funds for public purposes without taxation or bonded debts. The deposits are invested in public works and social undertakings—railways, telegraphs, dairies, purchase of land for settlement and rental, municipal bonds, loans to local bodies, etc. Sometimes in legislative bodies, discussing the establishment of postal savings banks, it has been objected that the money deposited in the post-office would be withdrawn from circulation, and the Government, if it did not need the fund, would have to pay interest on it without getting any return from it. The fact is, however, in all the countries having postal banks, that the money is not withdrawn from circulation when put in Government hands any more than when put in private banks.<sup>6</sup> If the Government wants the money it is invested in Government bonds or public works bonds, taking the funds for a public loan from the people's banks, instead of borrowing from private banks or foreign lenders. If the Government does not want the cash, it is invested in municipal bonds, or real estate mortgages or other good securities. It is not locked up, or idle, or non-productive, but in full circulation and activity and bringing into the Government more than it pays out in interest upon it.

Finally postal banking has proved to be an important factor in the equalization of wealth, aiding the small beginnings of accumulation at one end, and, at the other or investment end, cutting off a source of speculation and profit for private monopolists by drawing savings deposits into public banks, instead of leaving them to private institutions where they would be manipulated for private gain. The nationalization of banking means the turning of one of the most fertile fields for the growth of millionaires into a rich farm for raising a multitude of well-to-does. Instead of a few huge trees and a lot of underbrush, we have a beautiful forest grove, with twenty times the timber and a hundred times the developing power of the former flora.

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<sup>6</sup> Not as much, for a Government postal system does not require so large a reserve as the sum of the reserves of a lot of private banks doing the same amount of business.



## CHAPTER 16.

### THE AUSTRALIAN BALLOT.

Under the law of 1853 voting was done by telling the poll clerk what candidates you wished to vote for, and signing your name to his entry of your vote in a polling book. A meeting was held at noon at the principal polling place of each district and candidates for the House of Representatives were nominated and seconded. If more candidates were put up than the number of members to be returned by the district, the Returning Officer called for a show of hands in favor of each candidate separately, and those having most votes were elected unless a poll was demanded by one of the candidates or by two electors. If a poll was asked for the Deputy Returning Officer, or Poll Clerk, at each polling place, read off to each voter in turn the names of the candidates in alphabetical order and asked him which he wanted to vote for; the reply was then entered in the polling book and the voter affixed his signature.

In 1870 the method of taking a poll, if one were required, was much improved by the adoption of the official ballot in place of the polling book, and the use of polling booths, with private compartments in which the voter could mark his ballot free from observation.<sup>1</sup>

This perfected system of voting with private compartments

<sup>1</sup> Each voter in New Zealand is given one ballot by the polling clerk after he has marked on the bottom left-hand corner the registration number of the voter, folded over and gummed down the said corner and stamped it with his official stamp. The voter must fold the ballot so as to leave the official stamp visible, in order to exclude from the ballot box all blanks, or dummies, or papers other than the official ballot. This cuts out what is called "The Tasmanian Dodge," by which corrupt voter No. 1 brings in a dummy ballot, gets his official ballot, votes the dummy, carries the official ballot out in his pocket to be fixed by the bribing agent for corrupt voter No. 2, who takes it into the polls and brings out the blank official ballot for a continuance of the process, and so on *ad libitum*; a plan which makes the briber sure of results unless the voters care to disfranchise themselves by overmarking or otherwise spoiling their ballots after they get inside the booths. The stamping of the ballots checkmates the scheme. Under a later act (1893), if the voter is accused of voting at two polling places, the ballot corners are examined, and if his number appears on more than one ballot all his votes are thrown out.

and official ballots prepared and printed by the Government, which we call the "Australian Ballot System," originated in South Australia and Victoria in the fifties, took root in New Zealand in 1870, was adopted under Gladstone's Ministry in England in 1872, found its way to Canada in 1874-5, and was enacted into law in Massachusetts in 1888,<sup>2</sup> Michigan following in 1889 and New York in 1890, and other states have since adopted the system in whole or in part, a record which affords new proof of the law that the spread of new ideas is in direct ratio to the public spirit and open-mindedness of the people and especially those in charge of public affairs, and in inverse ratio to distance and other difficulties of communication, including the rigidity of political grey matter or civic brain cells.

In the Australian system in its purity as used in Australia and New Zealand, the ballot is not a party ballot, but a public ballot,—not a compound with the candidates of each party printed in a separate column as in some of our states, but a simple list of all the candidates in alphabetical order without anything to indicate their party affiliations or opinions. It is not a collection of party tickets printed side by side, but a single ticket for the commonwealth. The citizen cannot vote by marking a column distinguished by a special design, or emblem, or other means by which even the most ignorant voter can find the candidates of his party, and vote the straight party ticket if he wishes by a single stroke. On the contrary, in New Zealand, he must pick out the men he wishes to vote for from the general alphabetical list of candidates for the office in question. This method brings intelligence into play much more than the other, and helps to make the voting rest on the merits of the individual candidates.

<sup>2</sup> The ballot was in use in Massachusetts before this, but it was printed by individuals or party committees. There were no official ballots printed by the Government and given out to the voters at the polling place, one ballot to each voter to be marked by him in a private booth, free from observation. It was not the ballot nor the principle of secret voting that was new in the Australian system, but the safeguards resulting from the official ballot and the method of handling it. Secret voting was in use in New England from the start, and was also used in ancient Greece and Rome, modern Venice and France, but the methods were crude compared to those of the Australian system. This system was proposed by F. S. Dutton in the Legislature of South Australia in 1851; adopted by Victoria, 1856; Tasmania, New South Wales and South Australia, 1858; New Zealand, 1870; England, 1872; Canada, 1874-1875; advocated by Henry George in 1882, and adopted by Massachusetts in 1888, and by Michigan in 1889. Bills for ballot reform were passed in New York in 1888 and 1889, but were vetoed by Governor Hill, and the act to secure greater secrecy was not approved till 1890.

## CHAPTER 17.

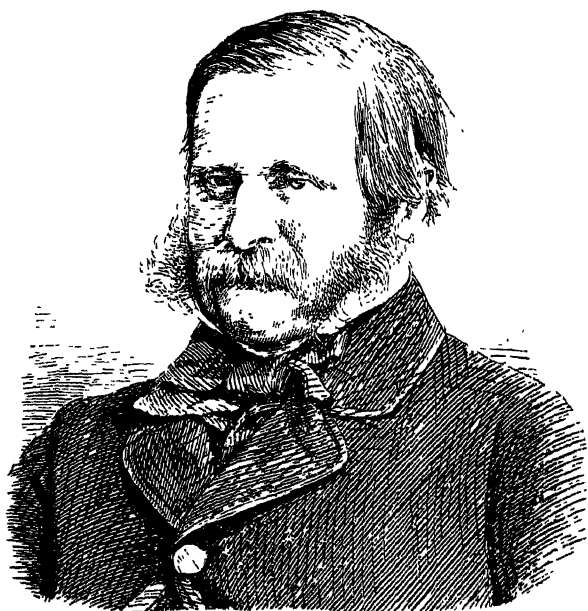
### INDUSTRIO-POLITICAL PROGRESS.

The pioneers in a new country must first attend to the means of subsistence and safety; the basic industries that provide food and clothing and shelter, and the relations of the colonists with the natives, are all important. Then questions of civic organization come to the front, followed by problems relating to the further settlement of the country, the development of communication, the incidence of taxation, the relations of labor and capital, and other matters of social justice.

By 1870 New Zealand had reached the third stage in her development. She had subsistence, safety, peaceful relations with the natives and a good civic organization. It was time to deal with the problems of settlement and communication. Immigration and Public Works Acts were introduced and carried by the Treasurer, and under them State railways, roads, telegraphs and water works were built, and large bodies of immigrants brought into the country and settled on the land.

A few years later when the country was fairly peopled, agriculture reasonably developed, and the Colony tolerably well provided with railways and telegraphs, and its coasts adequately lighted, vigorous discussion began, under Grey's leadership, of the great social questions that afterward occupied so much attention.

The national ownership of railways, telegraphs and telephones was not included among these disputed questions in New Zealand, because there was practically no difference of opinion in respect to public ownership of the means of transportation. The first railway was built by the Provincial Government of Canterbury and opened for traffic December 1, 1863. In succeeding years some other lines in Auckland, Otago and Southland were undertaken by the Provinces or by private enterprise backed by the Provincial Governments.



[From an old wood cut made from a photo taken in 1861.]

PREMIER WILLIAM FOX, K. C. M. G.,

*His policy was peace, prohibition, public works, and assistance of selected immigration. Under his administration permanent peace with the natives was secured, the Australian Ballot Act was passed, the National Railways System established, and the whole Public Works and Immigration Policy developed, which laid the foundations of the age of indus-trio-political development.*

This piecemeal construction was slow and disconnected. It lacked unity and strength and was in no way up to the level of the broad ideas of New Zealand's leading statesmen. Accordingly a national railway system was planned and executed with entire success, and from 1870 on, the principle of State ownership and operation of railways has been the established policy of New Zealand. Private enterprise was not excluded, and some company lines were built in later years, but they could not stand comparison with the Government roads, and only two little companies now remain.

The ordinary relations of the State to industry are: 1. *Laissez-faire*. The State may leave the field to private effort unaided and unregulated. 2. *Assistance*. The State may aid the industry by grants of land or money; franchises, rights of way, or other legislative monopoly; a tariff on competing imports, etc. 3. *Prohibition or repression*, in case of business deemed contrary to public interest. 4. *Regulation*, which may aim simply to prevent aggression and bad management, or may aim at the development of advantageous methods and forms of organization. 5. *Public ownership*, which may be united with public operation, or with private operation under some form of contract with the Government. In every civilized community all these classes of industrio-political relationship are found in varying forms and combinations. The proportion of public ownership and regulation adapted to secure fair play and coöperative conditions, has much influence in determining the character and development of a nation. Early in her history New Zealand made national ownership a strong element of her social system, and the people (experiencing the benefits of public railways, telegraphs, etc., and escaping the dominance of great transportation companies and the vested monopolies, prejudices and habits of thought fostered by them) have developed with comparatively little hindrance from the adverse interests and ideas that prevail in *laissez-faire* countries.



## CHAPTER 18.

### THE PUBLIC WORKS POLICY.

Before 1870 New Zealand's roads and bridges were very insufficient, and there were few telegraphs and scarcely any railroads—only some infantile affairs put through by three of the Provincial Governments and amounting all told to less than 46 miles of railway in a country nearly twice the size of New England. The body politic was ill-supplied with arteries and nerves.

In 1870 Sir Julius Vogel, Treasurer of the Colony in the Fox Cabinet, proposed to devote 10,000,000 sterling (nearly \$50,000,000) in the next ten years to railways, roads, telegraphs, water works,<sup>1</sup> and land purchase, and the encouragement of immigration and settlement on the public lands. Large tracts already owned by the State or to be purchased by it, were to be reserved along the line of the railways as a public estate, to facilitate settlement and secure to the State, through future sale or lease, the great increment of values that would result from railway building, thereby recouping to the Colony a large part or perhaps the whole cost of the roads. As the railways would pass through private lands as well as public, and would as a rule increase the value of all lands on or near the lines of communication, Vogel asked for power to levy a special tax on persons specially benefited by the construction of railways. This he thought would prevent "indiscriminate scrambling for railways" by residents of different sections, and was only a fair adjustment of cost at any rate.

The Fox Government of 1869-72 had two great objects: the establishment of permanent peace with the natives, and the renewal of colonization. The public works policy was in aid of both purposes, and was adopted and pushed by the Premier as an effective means of promoting settlement and developing

<sup>1</sup> To supply water to the gold fields.



SIR JULIUS VOGEL, K. C. M. G.

THE INSTITUTION BUILDER.

*He began life as a newsboy and rose to be one of the leading statesmen of his age. He was the author of the Public Works Policy, and the Public Trust Office, and the Colony is also largely indebted to him for the Australian Ballot, the improved Title Registration Act, and the Government Life Insurance Department.*



industry, and indirectly of finally settling native difficulties, by helping to modernize the Maoris, and by opening up the country to white civilization and making it too strong for native attack.

The land reservation and betterment tax elements of Vogel's plan met with so much opposition in Parliament that they had to be given up to save the measure. The vastness of the undertaking for a colony of 250,000 people, and the size of the debt it would create, also awakened severe criticism, but the principle of national construction of railways, telegraphs, etc., was heartily endorsed on all sides, and after a stormy debate on methods and consequences, etc., the bill was enacted.<sup>2</sup> The

<sup>2</sup> In the debate in Parliament (Vol. 7, New Zealand Hansard, pp 102, etc., to 463, 478, 510, 577) Sir Julius said: "We recognize that the great wants of the Colony are public works, in the shape of roads and railways and immigration." He spoke of the rise of land values; the payment for railways largely with land; the recoupment of the money cost by the rise of public lands already owned and to be purchased; said he thought the Colony would run no risk in committing itself to the expenditure of ten millions sterling in the next ten years, even if the whole were paid in cash. And as contractors could be paid largely in land and by guarantees of profit, the burden could be proportionately diminished. "We seek authority to borrow directly only six millions," he told the House, "and taxation will probably be unnecessary, as the works will pay interest on the debt."

Rolleston said the scheme had been "received on all sides with amazement. Everybody was in favor of the principle. The Colony as a whole approved thoroughly the principle that is involved," but he was afraid of so large a debt. Wilson said the plan was "a monstrous bubble," and "would ruin hundreds of families by inducing a spirit of gambling," and it would "saddle posterity with an eternal debt." But he added, "Of course, I agree that the country requires public works and immigration. We all know that by properly carrying out immigration and public works this Colony would in a short time rise to a high pitch of eminence." It was only the "vastness" he objected to. Tancred said: "I am absolutely and unreservedly opposed to the whole scheme, and to any modification of it. My wish would be to put a stop altogether to borrowing." Gillies declared the plan would lead to the wildest speculation, and that the immigrants would be paupers on their hands after the public works were done.

Several members thought it would be best to go to the people with so important a plan before adopting it, and Sir Julius, in his opening, said: "It is fortunate that the time for a general election is approaching. The Assembly may prefer that the country should be consulted on the whole plan. Ministers could not object to such a course, but, if the Assembly as now constituted is willing to deal with the question, Ministers do not shrink from the responsibility of pressing it, for they are of opinion that the state of the Colony is such that the sooner measures of progress are matured the better it will be for the colonists." Others called attention to the fact that "warning had been given to the country, both by the Government and the Opposition, that measures of the kind would be submitted to the House," and that "the scheme was one to which the mind of the country generally had been for some time directed with an ever-ripening conviction that it was necessary ere long to take some steps in the direction in which we are now invited to move."

After many more speeches for and against, constituting altogether one of the most tremendous debates in the history of the Colony, Fox, the Prime Minister, replying to objections, remarked that "nearly all the speakers have divested themselves of every particle of party spirit, the measure having been discussed with a total absence of party feeling, except by one or two members. The main objections were speculation and debt. The members who compared the plan to a stimulant, that would be followed by prostration, probably knew more about stimulants than he did, but they did not seem to know much about tonics and nourishments. As for debt, that was a necessary element in such

Immigration and Public Works Loan Act of 1870 authorized the borrowing of £4,000,000 in England or elsewhere, to be used as follows (translating pounds to dollars at the round rate of \$5 to £1) :

For Railways . . . . .	\$10,000,000
Assisting immigration . . . . .	5,000,000
Roads . . . . .	2,000,000
Water works . . . . .	1,500,000
Purchase of land .. . . .	1,000,000
Telegraphs ... . .	300,000
Unapportioned . . . . .	200,000

Besides this the Public Works and Immigration Act of the same year (1870) authorized the Governor to use 2,500,000 acres of land in the way of grants in compensation to contractors for constructing railroads, and to make money payments and guarantees for railways to the extent of \$27,500,000, in addition to the \$10,000,000 from the loan act. According to the data of the Official Year Books<sup>3</sup> the lands may be fairly estimated as worth about £1 to £2 per acre. The total value of the appropriations of land and money therefore amounted to \$60,000,000 or \$70,000,000, which for a community of 250,000 was a bold bid for development; *equivalent in fact to an appropriation of \$18,000,000,000 or \$20,000,000,000 for public improvements in the United States to-day, or enough to buy up all the railroads and telegraphs in the country, clear out the slums of our giant cities, irrigate the thousands of acres of arid lands, and colonize the needy in coöperative settlements to the mutual benefit of themselves and the commonwealth.* So far as I can discover, however, no Treasurer or Congressman has advocated or suggested the spending of even a tenth of such a fund for any such public-spirited purpose.<sup>4</sup>

progress, whether achieved by public or private action. How are all the railways in America and on the Continent made? On credit."

There was practical unanimity on the proposition that the Government should construct telegraphs, roads and railways and provide transportation. It could borrow money much cheaper than any colonial financier. The intervention of foreign syndicates was feared and resented, and neither local nor foreign companies could be relied on to build roads into the out districts and make rates favorable to their rapid settlement and development.

<sup>3</sup> See Year Book for 1901, p. 411, stating the values of lands before and after the building of railways.

<sup>4</sup> And it must be remembered that the loans and appropriations of 1870 for public works and immigration, large as they were, represented only the prelude,

The New Zealand loan was made. Bonds went over the ocean to England, and railroad material with assisted English immigrants—a stream of blood and iron—flowed into the Colony in return. Sir Julius sent word to the Agent General in London to forward 50,000 immigrants in 6 months. They came by the shipload. They were settled on the land or given employment on the public works. Roads and bridges, railroads and telegraphs and water works were built by the State, and the first great move in the material development of New Zealand was accomplished.

Including the reservation of lands along the railroads as a public estate for future sale or lease, and the placing of a betterment tax on private lands opened up, the public works policy proposed by Sir Julius is regarded as one of the wisest, justest, most far-sighted plans that has ever been devised for the development of a new country. The progressive building of railways, roads and telegraphs, year after year, and the introduction and settlement of selected immigrants would build the Colony and its industries, while the public control of land along the railways would recoup the debt and hold speculation in check. The defeat of the land plan, however, necessitated borrowing for what would otherwise have proved largely or wholly self-supporting, and it also frustrated full realization

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the curtain raiser for the act that has occupied the last thirty years. The General Assembly has authorized loans for the same purpose, amounting to:

1873 .....	\$13,700,000
1874 .....	20,000,000
1877 .....	11,000,000
1879 .....	25,000,000
1882 .....	21,000,000
1884 .....	7,500,000
1885 .....	8,000,000
1886 .....	6,800,000
1896 .....	5,000,000
1899 .....	5,000,000
1900 .....	5,000,000
1901 .....	6,200,000
1902 .....	8,750,000

Besides smaller sums in intermediate years, and numerous appropriation acts in addition to the loan acts; 22 construction and appropriation acts from 1870 to 1884, and one every year from 1887 to 1895, inclusive, etc., etc. Altogether, \$163,000,000 of loans have been spent in carrying out the public works policy from 1870 to April, 1902, besides the land grants and appropriations from revenue, which run the total above \$200,000,000. In the last ten years about \$16,000,000 have been paid out of revenue to the public-works fund, and the total expenditure on public works from national funds, including loans, has been \$56,000,000 in the same time. In 1901-1902, \$2,500,000 went to public works from revenue, and the total State expenditure in this direction was \$11,700,000.

of the anticipated conduct of progressive colonization along with the progress of the railways.

REJECTION OF VOGEL'S LAND RESERVE AND RECOUPMENT PLAN  
AND THE RESULTS.

The reason for the opposition to the public-reserve and land-increment part of the Treasurer's scheme, whereby the rise of land values due to settlement and public improvements would have inured in large part to the benefit of the public, is not far to seek. New Zealand was still divided into non-adhesive districts or "Provinces," which were really little states with Lilliputian Parliaments, making laws and owning in some cases large areas of valuable lands. These Provinces wanted to keep their lands, and the members of the Central Government or New Zealand Parliament, tho divesting themselves of "party" influence, allowed their *local* interests and prejudices to override the national advantage and stood against the Vogel land proposal.<sup>5</sup> This left the Provinces their lands (for 6 years more), but spoiled the land element of the public works policy, and changed Sir Julius from the friend to the enemy of the Provincial system, which led to its downfall a few years later.

The result of rapid railway building without the safeguards proposed by Vogel was that speculation absorbed large profits and increments of value that should have been devoted to colonization and the railway fund. Many miles of railways and roads were constructed, and the population rose 70 per cent from 1871 to 1878. To make matters more acute the prices of wool and wheat had risen. Farmers were known to buy land at \$10 an acre and within 12 months make a net profit of \$25 an acre on their first wheat crop. Good prices and the rapid opening up of the country through immigration and the construction of public works, raised the value of land. Men

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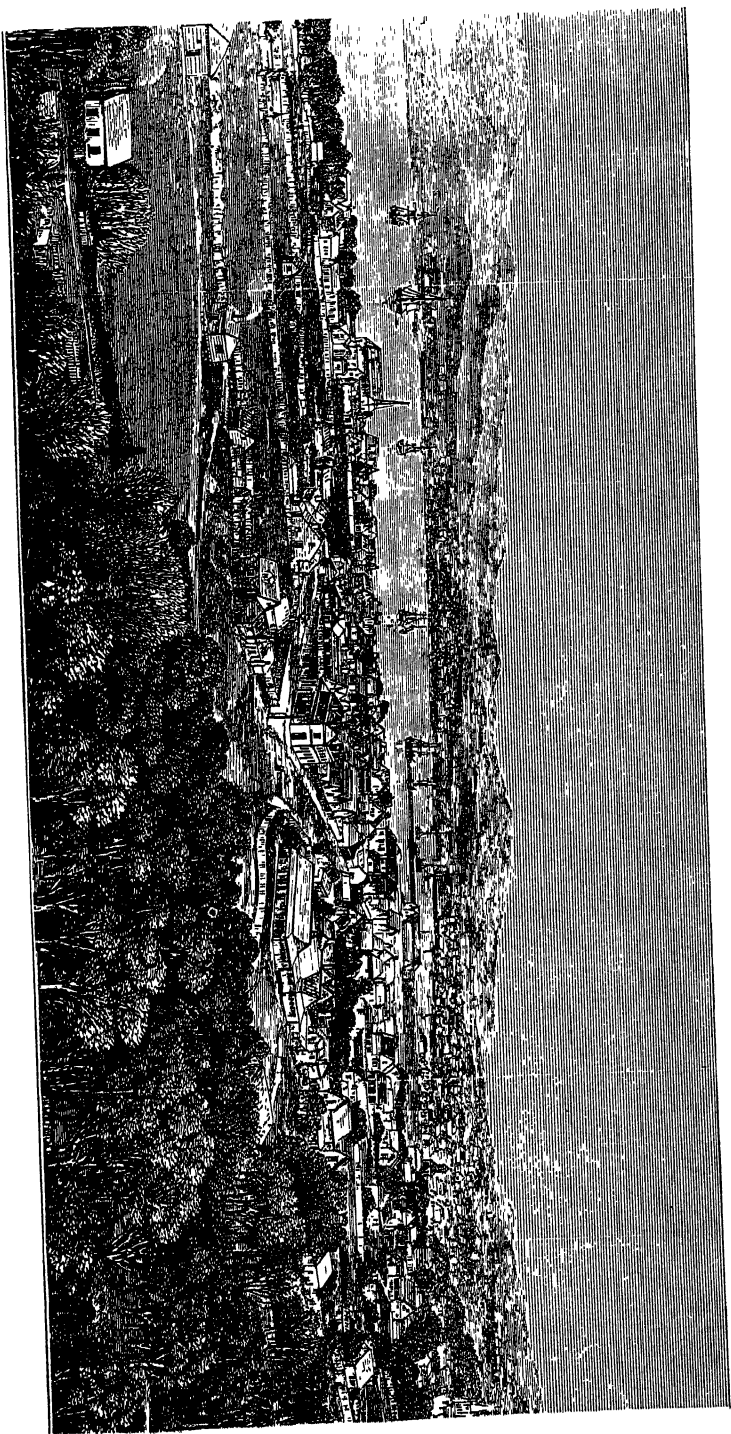
<sup>5</sup> Under the provincial system New Zealand was not so much a nation as a federation of little settlements, and the Representatives at Wellington were not so much New Zealanders as Aucklanders, Nelsonites, Canterberries, men of Otago, etc. The vigorous local life developed by provincial institutions was in itself of the highest value, but it created a little of the narrow spirit that kept the Greek states and Italian cities in heated enmity, made the real union of the Swiss cantons so difficult and interfered so seriously in early years with the federal organization of our own states. Few things are harder than to keep true balance between the allegiance due to family, locality, state, nation and humanity.

bought land and sold it on a rising market.<sup>o</sup> Speculation grew hot. Men borrowed money at high interest to buy land or go into business. But commercial depression came. The prices of wool and wheat fell. The value of land dropped. The boom burst. Thousands who had borrowed money could not meet their obligations, and at foreclosure sales and by private contract year after year large masses of property gathered in the hands of money lenders and wealthy landowners.

In contemplating the speculation, debt, difficulties of settlement, etc., that accompanied the building of railways in the seventies, the following facts cannot be too strongly and persistently impressed upon the mind: (1) That an imperfect land system and the rise and fall of prices in Europe were joint causes with railway building; (2) That similar troubles have been experienced in other countries during times of rapid railway development, both under public and private enterprise,—speculation, collapse and even panic of the most disastrous character following rapid railway building in the sixties and early seventies in the United States under the best capitalistic system in the world; (3) That there is no watered capital in the New Zealand roads,—for every dollar of railway debt there is more than a dollar of railway property, which is more than can be said of our capitalistic systems; (4) That the roads are not operated for private profit, but for the benefit of the public without discrimination as to persons or places; (5) That, altho local jealousies caused some trouble in the early days, and it is possible also that New Zealand lost something in energetic initiative and mechanical superiority by adopting public, instead of private railways (the latter point being

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<sup>o</sup> Smart men bought fertile or well-situated blocks, and sold them at a good profit. So men less smart began to buy pieces less fertile and not so well situated. Pastoral tenants pushed on the process of turning their leaseholds into freeholds. So rapid did the buying become that it grew to be a feverish rush of men, all anxious to secure some land before it had all gone. In Canterbury, where land was sold at \$10 an acre, with no restrictions as to area or conditions as to occupation or improvement, speculation was specially rife,—hundreds of thousands of acres were bought each year. The income of the little provincial council rose to \$2,500,000 a year. The country road boards hardly knew how to spend their money. In 1879 commercial depression came. Prices were falling. The output of gold had diminished also. Too many people had borrowed money to buy land or establish speculative enterprises. Interest had climbed to extravagant heights. The boom collapsed. In some districts three-fourths of the land owners and business men were ruined. Those who had burdened themselves with land bought wholly or largely with borrowed money nearly all went down. Some were ruined quickly; others struggled on to fall later in the period of downward prices that afflicted the world till 1894. (See "The Long White Cloud," by W. P. Reeves," pp. 325-331.)



### WELLINGTON IN THE MIDDLE PERIOD

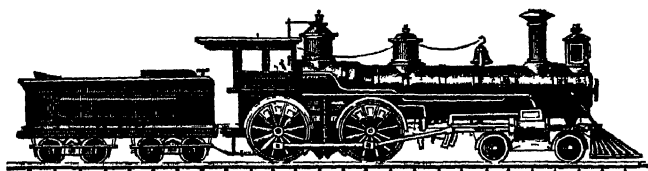
*A section of the city from the Panorama of Wellington, in Vogel's Hand Book of New Zealand.*

vigorously disputed, however),<sup>7</sup> yet it is clear that she has escaped the almost uncontrollable aggregations of railway wealth and power evolved by the capitalistic system, and New Zealanders think it better to have freedom and pure government in the people's interest than the mechanical advantages, if any, that could possibly come with private railways—better for the Government to own the monopolies than for the monopolies to own the Government—better for the people to own the Government and the railways, than to let the private railways and the monopolies they create get possession of the Government and the people; (6) That after an experience of over 30 years the statesmen and people of New Zealand, rich and poor, liberal and conservative, are substantially a unit in favor of national railways, and no proposition to turn the railroads over to private corporations would stand the slightest chance of acceptance; (7) That the difficulties experienced in New Zealand were not neglected nor endured in apathy, but grappled with in a way that led to a politico-economic development hitherto unparalleled; and (8) That the public works policy as proposed by the statesman who conceived it, and as it would probably have been adopted if the suggested referendum to the people had been resorted to, was clearly proof against all the principal difficulties so far as the public works had anything to do with them. The subsequent course of events has fully justified the claim that if the land proposal of Sir Julius had been passed, large profits from the rise of values would have accrued to the public, the enrichment of the State treasury would have more than covered the millions borrowed for public works and immigration, and the government would have been able to control the rush for speculative investment, instead of leaving it to run the course of extrava-

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<sup>7</sup> Many New Zealanders believe that private enterprise has shown, and would show, less initiative and mechanical perfection than public enterprise, and point to the comparative records of the public and private railways in that country, which certainly tend to substantiate the claim. The railway service in New Zealand is inferior to that of the United States, but the railway service in Great Britain and Italy is still more inferior in many respects, tho they have private railways. There is a mixture of causes. America leads the world in mechanical perfection, not only in respect to railroads, but in many other industries that are private in all the countries named. In comparing the railways of two nations, a given superiority of one service may be due to national difference in mechanical advancement, and not to any difference in the system of ownership. This complication is avoided by comparing public and private roads in the same country. And in New Zealand, where the two systems have operated side by side, both the service and the initiative of the public roads has proved superior to the private.

gance and reaction it always takes when left to itself. Sir Julius foresaw all this, and if his full plans had been adopted the country would have been developed without delirious speculation, and with a public profit greater than the cost. Even as it was, and after all deductions have been made on account of debt and speculation, the fact remains that the prosperity and civilization of the Colony are largely due to the public works policy begun in 1870 and continued to the present day as a fundamental element of the New Zealand system, and probably the most important single element in it. Mr. Reeves says: "In 1870 the colonists were without the conveniences and in many cases comforts of modern civilization. They had scarcely any railways, few telegraphs, insufficient roads, bridges and harbors. Education was not universal, and the want of recreation and human society was so great as to lead notoriously to drunkenness and coarse debauchery. New Zealand is now a pleasant and highly-civilized country. That she has become so in the last thirty years is due chiefly to the public works policy."





## CHAPTER 19.

### GOVERNMENT INSURANCE.

The same year (1870) in which the Australian ballot was adopted and the Public Works Policy initiated, a Government Life Insurance Department was established under a law enacted in 1869 by unanimous vote of the Assembly.<sup>1</sup>

The philosophy of this new departure was very simple. The purpose of insurance is the diffusion of loss. Instead of allowing a loss to fall with crushing weight on one individual or family, it is spread out over a large number of stockholders and premium payers. If it is a good thing to distribute loss over a few thousand people who hold stock in a given company or pay premiums to it, it is still better to distribute the loss over the whole community. It is also wise to eliminate the expenses and profits of insurance so far as may be, and put the guarantee of the Government behind it, so that it may reach as many people and afford as much security as possible.

The Department was popular from the start. By the last

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<sup>1</sup>Mr. Gisborne, moving the second reading of the bill in the Senate (p. 673, Vol. 6, New Zealand Parl. Debates), quoted Mr. Gladstone's remarks in 1864 (when, as Chancellor of the Exchequer, he introduced a similar bill in the English Parliament), to the effect that "there are three kinds of Government intervention. The highest kind of interference is in compelling certain acts, as in the factory and sanitary laws. The next is bare prohibition, as the provision against employing children below a certain age. The third and mildest description of Government intervention is that with which we have now to deal, and it amounts simply to this; that you enjoin nothing and you prohibit nothing, but you offer to such members of the community as may be disposed to avail themselves of the proposal certain facilities for what I may call self help."

Two or three honorable members raised slight objections in the debate, on the ground that Government insurance would lead to investment of money for the people, instead of teaching them how to find good investments for themselves; and that so much money in Government hands would lead to extravagance on the part of legislators. But it was made clear to these members that the legislators would not get near the funds, and the argument that "Government insurance would offer to persons who wished to effect life policies the security of the State, instead of that of a company liable to fail," appeared to be conclusive with the Assembly. Emphasis was also laid upon the fact that the measure rested on "the same principles as the postal savings banks established a few years before, the beneficial character of which was almost universally admitted."

report (1901) it has 42,570 policies, covering \$51,000,000 of insurance; or practically half the total business of the Colony. The Government office has beaten the private companies in fair competition. It has a much larger business than any of the companies and almost as much as all the ten companies put together.<sup>2</sup> Two American companies, the Equitable Life and the New York Life have been in the Colony fifteen and thirteen years, respectively, and have now 717 and 139 policies, against 42,570 Government policies. Their total insurance is \$1,750,000, against the Government's \$51,000,000. The only company that comes anywhere within gunshot of the Department is the Australian Mutual Provident Society, with 26,000 policies and \$35,000,000 of insurance.

The Government bureau employs paid canvassers, has handsome offices and issues attractive and skillfully-worded circulars and advertisements to invite the patronage of the people. It pays taxes like a private company, and pays for its postage and telegrams also. The Government rates are lower than the premiums charged by private companies, but neither the Government nor the companies make any effort to run each other down by cutting rates, and the main elements of competition are in the conditions in and behind the insurance.

#### REASONS FOR THE POPULARITY OF PUBLIC INSURANCE.

The people prefer the Government insurance:

(1.) Because of its safety—it has the guaranty of the Government behind it. It is in no danger of vanishing through insolvency, as ordinary insurance does now and then.

(2.) Because of its cheapness. The rates are lower than in ordinary private companies.<sup>3</sup>

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<sup>2</sup> This refers, of course, to the ordinary life-insurance business. There are 21,000 policies in industrial societies which are not included in the regular life-insurance statement.

<sup>3</sup> Sir Robert Stout in *J. Statist. Soc.*, Vol. 55, pp. 388, 400. In comparison with the ordinary life insurance companies there is no question of the superiority of the Government department, but some believe the great Australian Mutual Company insures as advantageously as the Government. (See *N. Z. Parliamentary Debates*, Vol. 120, pp. 233; 246, 254, 257).

One member said that while the premiums were lower in the Government office, the bonuses were larger in the Australian Mutual, and he thought the balance favorable to the A. M. But the Australian Mutual is of much greater age than the Government office; the area it covers is immensely wide, and most of its business is outside of New Zealand and does not have to pay the land and income taxes to which the whole of the Government insurance business is subject, the taxes in Australia being small

(3.) Because of its freedom from all oppressive conditions, and, in fact, from practically all conditions of any sort. A prospectus of the department says:

"The Government Insurance Department's policy is practically free from conditions of any kind, except the payment of premiums as they fall due. The desire of the department is to grant to everyone the freest form of policy compatible with sound and prudent management. Improvements have been adopted from time to time as they have been found to be safe, with the result that the policy contract is now practically free from all restrictions, with the single exception, framed in the interest of public policy, that the Commissioner may declare the contract void if the assured commits suicide within six months of date of entry."

The premiums must be paid and the assured must not commit suicide within six months after the insurance is taken out,—that's all. The policy is world-wide. The assured may go where he will and do what he likes,—get himself shot in battle, smoke cigarettes, drink ice water and eat mince pie, or commit suicide in the ordinary forms after six months, and the money will still be paid to his relatives.

Even the condition as to payment of premiums is not the cast-iron arrangement it often is with us. If a man fails to pay the department his premium when it is due, he does not lose his insurance. The Government pays the premium out of the surrender value of the policy and continues the insurance in force, and will do this over and over again, as long as there is any surrender value left. In a recent Year Book I

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in comparison. In case of companies of the ordinary sort, or even mutual companies of equal age and size, the Government office is admittedly ahead, but in the case of the world business of the old Australian Mutual there is a question. As a matter of principle there would seem to be no reason why a giant *mutual*, extending over a wide area and doing an enormous business, should not be as cheap as a Government insurance department, which is itself simply a big mutual.

Another member argues that the Mutual is managed better because its expenses are a smaller per cent of the premiums received than in the case of the Government office; but this low percentage is really due to the facts (1) that the headquarters of the Mutual are in Australia, and the member took only the New Zealand expenses, without adding a fair proportion of head office expenses, and of expenses for the actuarial work which, in the case of the Mutual, is all done at Sydney; and (2) that the Mutual's premiums are higher than the Government's. To argue that one insurance company is better managed than another, because the ratio of expense to receipts is lower in the first, is a fallacy of the same sort that is often met with in railway literature, when a railway system Y is declared to be more economically handled than another railway Z, because Z's expenses are 80 % of receipts, while Y's expenses are only 60 % of receipts. In truth these figures prove nothing at all about the management. The difference in the percentages may be due to a difference of rate levels. In the same system Y, that now has a 60 % ratio, if the charges were put down to cost the ratio of expenses to receipts, would rise to 100 % with the very same management and the same expenses as at present.

find the following passage concerning this admirable non-forfeiture system of the Insurance Department:

"Whenever a policy-holder is so unfortunate as to be unable to pay his premiums, the office looks after his interests and advises him without fees or fines of any description. An account is opened in connection with the overdue policy, which is automatically kept alive as long as the surrender value is enough to pay a quarter's premium. The policy-holder is, of course, debited with interest on the premiums overdue, but he is kept insured as long as his account is in credit, for the department does not seek to make any profit whatever out of surrendered or lapsed policies. During the last year twenty-nine overdue policies fell in by the deaths of the persons assured under them, and tho on many of them not a penny of premium had been paid for six or eight years, the premiums as they fell due had been deducted by the office from the surrender-values, thus enabling the department in one year to recognize claims on twenty-nine overdue policies to the amount of \$40,000 exclusive of bonuses."

The Australian offices generally make some provision for non-forfeiture, but the New Zealand Department claims that its system affords the policy-holder the utmost liberality.

(4.) It is co-operative. The profits of the business go to the insured. They are divided triennially. Five divisions of profits have been made, the total returned to policy holders being about \$35,000,000, which in the case of a private stock company would have gone to the making of millionaires.

#### NON-ALCOHOLIC INSURANCE.

There is a Temperance Section, established in 1882, in which total abstainers are insured in a group by themselves—a mutual society of non-drinkers with their own bonuses. At one time it seemed as tho the profits of the Temperance Section were going to be larger per capita than in the general business, but later divisions of profits leave the matter in uncertainty. It is the settled opinion of the insurance world, however, that temperate persons are longer lived and constitute better insurance risks than drinkers.

#### LOANS AND INVESTMENTS.

The Government will loan money on the policies at 6 per cent below \$500, and 5 per cent beyond that sum.

The funds of the department are invested in mortgages on real estate, municipal bonds, good securities, and loans on policies.

In post-offices, where so much of the business of New Zealand centers, notices like this are posted:

CHEAP MONEY IN SUMS OF ONE HUNDRED  
POUNDS TO TEN THOUSAND POUNDS.

THE GOVERNMENT LIFE INSURANCE DEPARTMENT HAS LARGE  
FUNDS AVAILABLE FOR INVESTMENT AT EXCEPTIONALLY  
LOW RATES OF INTEREST.

THE DEPARTMENT LOANS ON FIRST MORTGAGE OF DESIRABLE  
FREEHOLD SECURITIES UP TO THREE-FIFTHS  
OF THEIR VALUE

VALUATIONS AND LEGAL EXPENSES ARE FIXED BY THE DEPARTMENT  
AND ARE KEPT AS LOW AS POSSIBLE.

*Intending borrowers should apply within for forms of application and  
for all particulars.*

GOOD MANAGEMENT AND GREAT SUCCESS.

The department is free from any taint of spoils, and even the competing private insurance companies admit that it is well-managed. The democracy has put experts in charge of the business and kept them there, and they have made the institution a complete success.



## CHAPTER 20.

### THE PUBLIC TRUST OFFICE.

Besides the Public Works Policy, the Ballot and State Insurance, New Zealand owes still another important institution to the genius of Sir Julius Vogel, namely, the Public Trust Office, established in 1872.

The purpose of this is to serve at cost as executor, administrator, trustee, agent, or attorney in the settlement and management of the property of decedents or others, who, for any reason, are unable or unwilling to care for it themselves; to insure honest administration and safe investment; to provide for a wise discretion that may avoid the difficulties and losses incident to a strict fulfillment of wills and trusts imperfectly drawn; to give advice and draw up papers, wills, deeds and other instruments for the people in all parts of the Colony.

A will, deed or instrument in which the Public Trustee is to be appointed executor, agent or attorney, will be examined in the Public Trust Office free of charge. In this way ambiguities and deficiencies may be discovered in time to correct them. Any one making a will may deposit it in the Public Trust Office for safe keeping, and such deposit of a will insures that it shall be forthcoming on the death of the testator. The person, having made his will and put it in the hands of the Public Trustee, may also desire, while yet living, to be relieved of the care and management of his property; and if so, he may turn the estate over to the Trustee at once.

In the very large number of cases where persons die without a will the Public Trustee administers the property, unless those interested in the estate appear in court and make a different arrangement. People making wills may leave their property in the same hands. An executor or administrator who falls ill, or finds the trust inconvenient, may turn it over to the Public Trustee. Widows or heirs who do not wish to manage

the property left them, may put it in charge of the public office. Anyone who is going abroad, or has property too far away to be easily managed by him, or who desires for any reason whatever to put his property into the hands of a competent and responsible agent, may appoint the Public Trustee his agent or attorney.

Any property can be vested in the Public Trustee upon any trusts defined in the deed creating the trust, and the income from such property can be applied as may be desired and directed. When a grant is made by the State under the Civil Service Law to the widow or family of some public employee who dies in harness, the amount is placed with the Public Trustee for the use of the beneficiaries. If any one goes crazy, the Public Trustee takes care of his property; in fact, 90 per cent of the estates of all the lunatics in the Colony's asylums are in his hands. If an individual, an association, a city, or the public in general, desires to establish a fund in aid of the victims of a conflagration or mining disaster, or for any other charitable or public purpose, this universal agent of the people will take care of the fund and administer the trust.

In the administration of statutory trusts the Public Trustee renders very valuable and important services to the Colony. It is clearly of great moment to the public that the administration of these funds and properties should be such as to leave no doubt that the directions of the trust will be faithfully observed. If a court of justice needs to appoint a trustee, the best of all possible trustees is ready in the Public Trust Office.

#### INTEREST AND THE GOVERNMENT GUARANTY.

On capital funds in the hands of the Public Trustee and available for investment at his discretion, the department pays interest at a rate to be determined from time to time by the Government. You do not have to wait for your interest until the Public Trustee has invested your capital. Interest begins at once, just as if you had made a deposit in a savings bank. The rate of interest at present is 4 % on sums up to \$15,000. and 3½ per cent above that. This is credited quarterly free of all office charges of the Public Trust Office, and is compounded for six years. After that, only simple interest is paid.

In respect to such capital funds, the department states that the Government guarantees you:

1. Against loss from delay in the investment.
2. Against loss from investments in bad or insufficient securities.
3. That the interest shall be regularly and promptly paid, free of all charges.

#### DISCRETIONARY POWER OF THE PUBLIC TRUSTEE.

Perhaps the most interesting characteristic of the office is the large discretion given the Trustee, whereby he may use his judgment and even his heart to correct deficiencies and omissions in the instruments under which he acts, in order to accomplish justice and do what the maker of the will or deed may be supposed to have intended, or what he ought to have intended. Private trustees are not, and could not expect to be, clothed with such discretionary powers. They are tied down to the strict fulfillment of their trust and of the law. Examples of the exercise of this discretion will be found in a future chapter on the Development of Early Institutions.

#### NO DEFALCATIONS OR DISAPPEARANCES.

This Trustee never dies or runs away, never mistakes the trust funds for his own, never speculates or endangers the property of his wards, never becomes disqualified or involved in private quarrels, and never makes any but the most moderate charges,—barely enough to cover the actual cost of the service. Add to all these advantages, the facts: that the Public Trustee has more experience and wider discretion than any other trustee in the country; that through his 33 agencies and the Post-Office he is all over the Colony at once, and is ready for business any day his services are needed; that the strong light of public criticism in which he works insures a careful and conscientious fulfillment of his obligations; and that the guaranty of the Government is behind his transactions, the State being responsible for his conduct and for all properties placed in his hands; and you will gain some idea of the value of this novel institution.



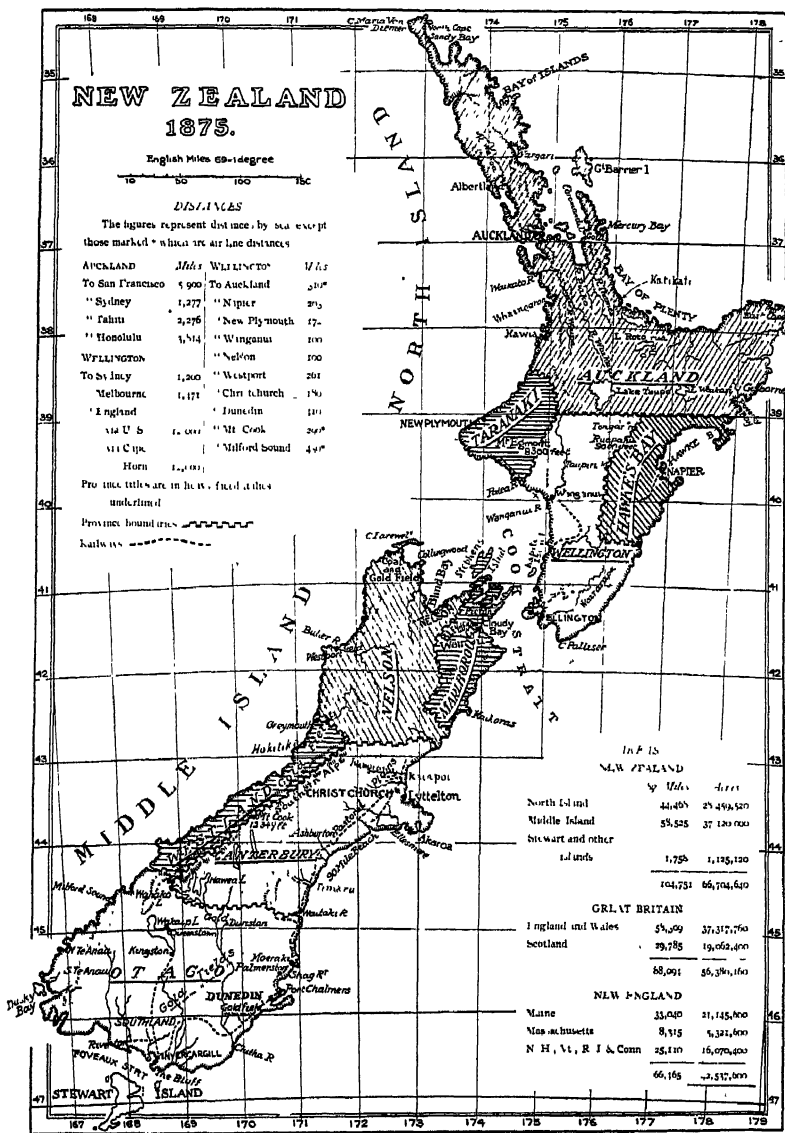
## CHAPTER 21.

### ABOLITION OF THE PROVINCES.

In spite of the ease with which New Zealand's Constitution can be modified, it worked so well that no substantial change was made for 22 years after its establishment in 1853, the first amendment being the act abolishing the provinces, passed in 1875, to take effect in 1876.

New Zealand was not settled from one center, but from several foci. The settlements at Wellington, Auckland, Nelson, New Plymouth, Canterbury and Otago were quite distinct, and the means of communication were very poor, so that there was good reason for the establishment of provincial governments in these districts at the time of the Constitution Act. As the country filled up, however, these local parliaments became unnecessary, cumbrous and expensive, and the opposition to them intensified. Their civil, religious, industrial and social estrangements and jealousies hindered all uniform legislation. Their educational systems were inefficient, and the land laws were chaotic. When Sir Julius Vogel proposed his National land policy in 1870, provincialism prevented its adoption. Sir Julius determined to abolish the provinces and appealed to the old Centralist Party that had always opposed the provincial idea, and to the new settlers who thought it nonsense for a colony of less than 500,000 people to have 9 parliaments (3 new provinces had been formed) besides its central government. Some provinces, moreover, that had little or no land revenue were jealous of those that had large incomes.

Sir George Grey, the great Governor of early years to whom New Zealand owes her Constitution and many other public utilities, was living the quiet life of a private citizen when Sir Julius Vogel made war on the provinces. Grey came out of his retirement to fight for the provincial parliaments. The provinces were his creation, his own political children



PROVINCE MAP OF NEW ZEALAND.

The Provinces are bounded by zigzag lines on the order of a Greek fret

It will be noted from the tables that the islands are over twice as far from England as from the United States; that New England is less than two-thirds and more than half the area of New Zealand, and that the latter is more than a quarter larger than Great Britain.

New Zealand is shaped very much like a boot with the foot up, with Stewart Island for the strap, the heel northeast, the toe pointing off toward Australia, the nearest European nest, and the leg bent back at the knee, as tho intending to kick the institutions of the old world off the earth.

and he considered them a pretty good family. He believed in the decentralization of power, and thought the provinces useful to the cause of local self-government and especially valuable as a means of educating men for the wider sphere of natural politics. There was force in his argument, but the matter was strongly contested—local self-government could be attained through municipal organization, and the provinces, it was said, were unnecessary, costly and really an element of weakness.

The discussion grew very warm, as I presume it would here, if a proposal were made to abolish the State governments of Maine, New Hampshire, Vermont, Massachusetts, Rhode



MAJOR ATKINSON.

*The soldier statesman who rose to the leadership of the Centralists  
in the campaign for the Abolition of the Provinces.*

Island and Connecticut, and consolidate New England under one government. The disadvantages of merging Massachusetts with Maine and Connecticut would be earnestly dwelt upon on one side, while on the other it would be argued that there is really no sense in a little farm like Rhode Island, with only 1,000 square miles in it, having a State Government all to itself. If a similar plan of division were followed throughout the United States there would be 3,000 States in the Union. Colorado has just the same area as New Zealand, or nearly twice as much as the whole of New England, and California is a good deal bigger than Colorado, and Texas more than

twice as large, yet we would think it very undesirable to have either Colorado or California or Texas divided into 8 or 9 States with 8 or 9 Legislatures instead of one.

The Anti-Provincialists won; the provinces were abolished; the land passed to the Central Government; and the administration of local affairs was given to local boards and municipal councils. The consolidation of New England would be less than two-thirds the size of this New Zealand merger in respect to area, but fifteen times as large in respect to population.

Some eminent New Zealanders think it was a mistake to abolish the provinces, instead of modifying their mode of government. The county system, they declare, has not proved a satisfactory substitute. "The House of Representatives, since 1875, has been a monster Board of Works for every part of the Colony, a burden it should not have to bear, a task it cannot satisfactorily fulfil. . . Members have become delegates soliciting public works for their districts rather than representatives charged with political interests; and the money appropriated has been expended by officers responsible to the General Government, and not to the local authorities most concerned in its economical expenditure."<sup>1</sup> The common opinion, however, is that the abolition of the provinces was a good thing. The resulting co-ordination and uniformity of legislation and management have proved of incalculable value. Modification to the required extent would have been very difficult on account of the jealousies and selfishnesses of the provinces. And as to burdens of detail resting upon Parliament, it can, at any time and to any extent it sees fit, place further responsibilities upon the local authorities, and administrative departments.

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<sup>1</sup> Gisborne's "Rulers," pp. 200-201.



## CHAPTER 22.

### GREY'S CAMPAIGN FOR EQUAL RIGHTS.

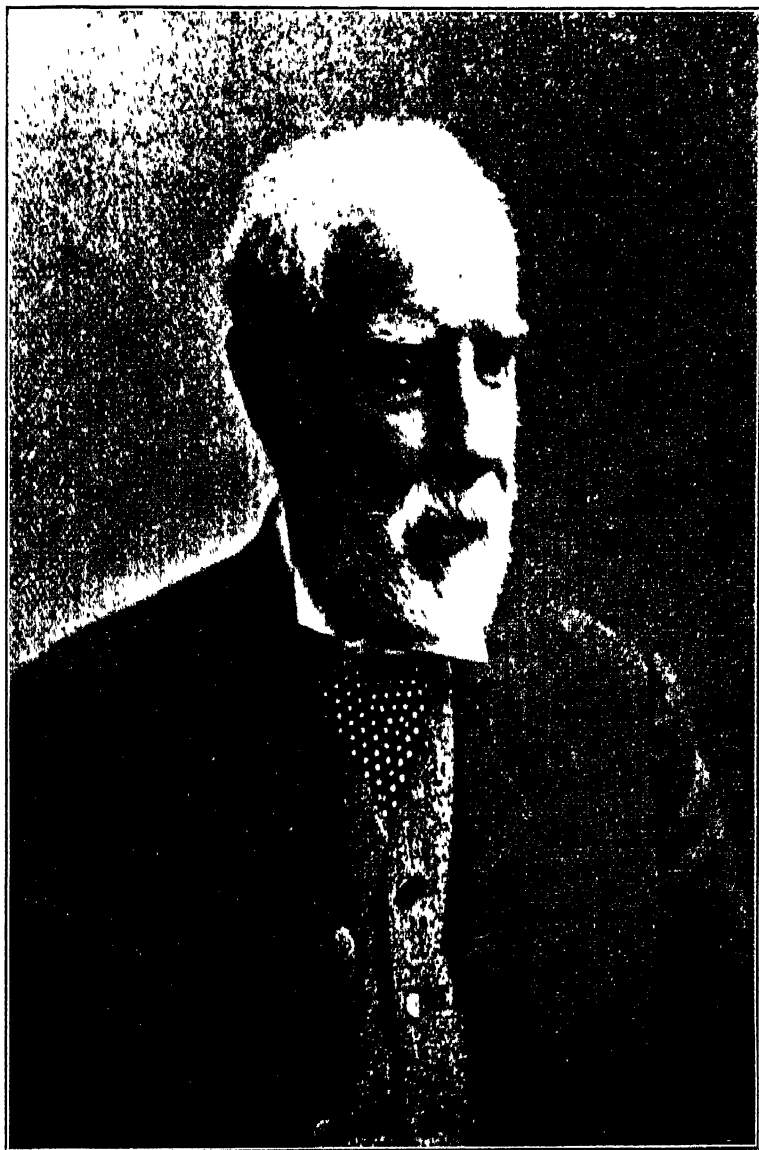
Grey was beaten in his first forensic conflict. But he did not stop with the Province question. Having started in to speak his mind, he kept on till he had given New Zealand the most valuable lecturing she has ever received. A considerable part of the political progress of the last quarter of a century has been simply the carrying out of the principles and plans advocated by Grey in his campaign speeches in the summer of 1876-7.<sup>1</sup>

For the first time one of the Colony's leaders appealed to the people on a platform distinctly and deliberately democratic.

The government under the property franchise was in fact a plutocracy; and the aggregation of large amounts of land in few hands, as a result of the speculation accompanying the rapid growth of the Colony in the early seventies, had introduced the people to the evils of land monopoly in a very emphatic form. Grey sought to bring the government close to the common people, and to break down private monopoly in land. He advocated extension of the suffrage with one-man-one-vote, triennial Parliaments, a land-value tax, a restriction of the area one man might have, and a land policy based on the leasing of land rather than its sale. Sir George desired the State repurchase of private lands, taking the large estates and cutting them up into reasonable holdings. One of the most effective arguments of 1877 centered in the "unearned increment" idea. Grey and his lieutenants, Stout and Balance, pressed home the question: "Are the holders of unimproved and in many cases unused lands entitled to the increased value arising from the Government construction of railways and the settlement and improvement of the country by the hard labor of the colonists?"

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<sup>1</sup> Reeves' "Long White Cloud," p. 339,



SIR GEORGE GREY.

The Great Statesman, Progressive Agitator, and Political Educator of the People

*He stood for equality at the ballot box, triennial Parliaments, land-value taxation, division of large estates, the income tax, etc., and practically all his ideas have now been adopted by the Colony.*

*A comparison of this photo-gravure of Governor Grey, in mature age, with the earlier picture on p. 43, after due allowance for difference of artistic process, still leaves a clear impression that the Governor grew finer looking as Time put upon his face the composite print of many years of noble living.*

The new Liberalism appealed to the masses of the people, and especially to the workingmen and others in moderate circumstances, and to the number, then considerable, who did not have the franchise even to the extent of one vote. A movement was begun which has since carried into execution all Grey's principles, and enacted all his pet ideas except one—his proposal that the Governor of the Colony should be elected by the people appears to have made no deep impression, for the reason probably that the Governor is not Governor at all, but an inoffensive watchman representing the English alliance, the real executive of the Colony being the Prime Minister.

The rise of political parties dates from Grey's appeal for democracy. Until that time there was no clear and lasting division between the advocates of progress and conservatism. Feuds had existed between north and south, centralists and provincialists, war advocates and peace advocates, etc., but nothing that could fairly be called a political party even in the modified sense in which the term is used in New Zealand, is to be found in her history prior to Grey's campaign for equality. Then, clustering about the opposite poles of interest and thought, the people separated permanently into two great classes, those who desired progress, and those who wished to leave things pretty much as they were,—the Liberals and the Conservatives,—and tho unorganized except in Parliament, these political classes or parties have lasted till now and their battles make up the forensic and electoral history of the Colony from 1876 till the present time. The principal leaders of the Conservatives have been Atkinson, Whitaker and Hall, and of the Liberals, Grey, Stout, Ballance, McKenzie, Reeves and Seddon.

Grey became Premier, October, 1877, but without a sufficient majority in the Commons to make it possible to carry his principal reforms, tho some good work was done by the Liberals.



## CHAPTER 23.

### NATIONAL EDUCATION.

A national system of education to take the place of the piecemeal work of the provinces, was voted November 29, 1877, and the Liberals succeeded in making the bill provide for the free, secular, compulsory system of common schools, of which New Zealand is so justly proud, and under which 13/14 of her children are educated; some of the Catholics and a few of the wealthier people being the only exceptions to the general use of the public schools.



HON. CHAS. BOWEN.

*The Minister of Education in Grey's Cabinet who  
carried the famous Education Bill.*





## CHAPTER 24.

### THE FIRST LAND-VALUE TAX.

The only other legislation of special note that was effected under Grey's Ministry, was the land act of December, 1877 (gathering up, improving and extending the provisions for restricting the area of land to be sold in one lot), and the land-value tax law carried by his treasurer, John Ballance, in October, 1878. It exempted all improvements (buildings, fences, drainage, planting, etc.) and all owners of land values under \$2,500, and put a tax of a halfpenny in the pound (about one-tenth of 1 per cent) on land values above \$2,500.<sup>1</sup>

The chief effect of this at the time was to alarm and exasperate the wealthy land owners, and league them against the Grey regime. Grey, moreover, happened to be in power when a commercial depression came along with its workmen out of

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<sup>1</sup> In the debate on this bill (N. Z. Hansard, Vol. 28, 605), Ballance made a strong speech on the principles of taxation; so excellent, indeed, as to draw commendation even from the Opposition. He said: "Land should be taxed because of its enhancement in value, arising not from the industry expended by the owner, but from adventitious circumstances, the increase of population, the general progress of society, the making of roads and railways, etc. This is the soundest reason why improvements which are the result of labor should be exempted . . . . The question that should guide the policy of every rational tax ought to be, 'What social effect will it have on the community?' This tax is (1) for revenue, and (2) to encourage industry and promote the advantage of the whole community."

Mr. Woolcock (pp. 616-617) said he agreed with the Treasurer that persons should be taxed according to their ability to pay, and he favored the "land tax on unimproved value," but thought "the land tax should be on a graduated scale," and not at the same rate for the struggling farmer with £500, as for the man worth hundreds of thousands of pounds."

Mr. Saunders said (p. 618): "The one great principle (taxing land values and exempting improvements), now for the first time proposed to be adopted, appears to me to be of vast importance. I am exceedingly glad, after a discussion of some 25 years amongst us, that a great and important principle is now brought forward by the Government. We should have adopted it from the start. It was considered necessary for us by Lord John Russell in 1845. But it has been studiously avoided and opposed, not with much reason, but with very great animation, whenever it has been suggested in the Legislature of New Zealand. The reason is obvious. So long as large speculators and large landholders are predominant in any Legislative Assembly, there is nothing they will fight so strongly as a proposal for a land-value tax, & c., a proposal to tax those most able to bear it." Mr. Saunders objected to exempting any land value. "The little man also has some unearned increment," he said.

Wakefield (p. 628) opposed the land tax viciously; said the Government had quoted Cooley, but he had no opinion of Cooley.

work, its failing firms and shrunken revenues. This is the most unpardonable crime an administration can commit. To encounter a panic and to tax the wealthy, surely that was enough to drive Grey out of office, and it did. He was defeated in the House July 29, 1879, and Parliament was dissolved. On October 3d he lost at the polls (under a property qualification suffrage), and October 8th, a Conservative Government came in under John Hall as Premier.

They abolished the land-value tax,\* and revised and re-enacted the property tax<sup>2</sup> December 19, 1879, and curiously enough, the very same day these "Conservatives" passed two of Sir George Grey's radical measures. (See next chapter).

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\* *Land-value tax came to stay in later years.*

<sup>2</sup> Major Atkinson moved the second reading of the property-tax bill. Hutchinson protested that it was a vicious measure. "Going to get rid of the land tax, and that seems to be the one principal desire on the part of the members on that side of the House. The Conservative Party objects to it mainly because it is part of that democratic policy against which they must set their faces, and which they must stem by every means in their power."

Sir George Grey said. "This tax (the Atkinson property tax) is of a most obnoxious character. It increases the burdens of the humbler classes 50 per cent. The proper system of taxation is that which we had proposed in part—that there should be a *land-tax and an income-tax*. I believe that that would press fairly upon the whole population, that it would reach persons drawing large incomes, persons who are not touched by the present tax and who ought to contribute largely to the revenues of this country" (New Zealand Parliamentary Debates, Vol. 34, pp. 981, 984.)



WAIKARE MOANA, LOOKING NORTHEAST.

*A beautiful lake in the North Island above Hawke Bay.*

## CHAPTER 25.

### THE TRIENNIAL PARLIAMENT ACT AND THE RESIDENTIAL FRANCHISE ACT.

The Parliament Act, 1879, changed the 5-year term of Parliament to a 3-year term, and the Franchise Act qualified every male resident of 21 years and upwards to vote, whether he could stand the property test or not. These measures indicated a powerful sentiment in favor of putting the Government into closer touch with the masses of the people. The public thinking and feeling set in motion by George Grey proved strong enough to compel even his opponents to adopt some of his ideas.

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*The Maoris are born orators. The early writers say that talking was the chief amusement of the natives. They occupied most of their leisure in that way, and would sit for hours at night, long after they should have been asleep, telling of wonders and their great deeds. They took naturally to politics, when the white men opened the way. And since 1867, when the doors of Parliament were opened to them, they have sent their representatives, who have often made very intelligent and eloquent speeches in the House upon important bills, especially those affecting their own people.*

*This privilege, together with peace and safety and the arts of civilisation, did much to reconcile the natives to the white invasion. In 1878 a prominent Maori was asked: "Wouldn't you like to see the white people go away and leave the country to you as in former days?"*

*"No."*

*"Why not?"*

*"Because the white man has done us good. We used to hurt and kill each other; now we do not; now we go to Parliament and our wrongs are righted by legislation. The white man has taught us good things; we want him to stay with us."*

*The natives were not all so sensible, however. A chief from one of the penned-up villages of the King country, at a great talkee-talk in 1879, stamped his foot and said: "You must take away your towns and cities. You must take away your roads and your telegraphs and your railways. We do not want them."*



TE WHEORO, A MAORI M. P.

## CHAPTER 26.

### THE STRUGGLE FOR THE SOIL.

When in 1877, two years before the publication of Henry George's "Progress and Poverty,"<sup>1</sup> the Colony was startled by the cry of the "unearned increment" and the call to battle with monopoly of the soil, the second phase of the land question in New Zealand came to a head, and for the next 15 years the war between the monopolists and the people, the conflict between the big men and the little men for possession of the soil, was the persistent and burning issue in politics.

During the first period, the era of free trade in land, some efforts had been made to check monopoly and speculation and secure genuine settlement.<sup>2</sup> Restriction of the area of public land to be sold in one lot, subjection of pastoral leaseholds to settlement, insistence on residence and improvement to make

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<sup>1</sup>Published at New York in 1879; the bible of the single tax and the unearned increment philosophy. Henry George gave his Progress and Poverty philosophy to the public in a lecture in San Francisco in 1870, and back in 1871 he had published a small pamphlet urging that all taxes should be placed on land-values. Very little notice was taken of his views, however, even in his own city and state, till after the publication of Progress and Poverty, and, indeed, the idea of putting all taxes on land-values, exempting all improvements, was the common possession of thoughtful men the world over, as it had been advocated by the French economists a hundred years before George wrote. Herbert Spencer and John Stuart Mill had also written on the unearned increment and the rights of the people to the soil. It seems that George did not know of the views of the French economists till after he wrote his pamphlet of 1871. But the statesmen of New Zealand were doubtless acquainted with both the French and English literature of the subject.

<sup>2</sup>Besides the limitation of area (1858), the determination of pastoral leases on sale of the land (1865 following Grey's ordinances of 1849 and 1851), and the settlement conditions insisted on in Otago (1856), which have already been noted (see Free Trade in Land), there were provisions for special settlements to enable associations of small men to take up land (see Act No. 53, 1870, for Wellington Province, and No. 77, 1871; No. 42, 1872, Nelson Province; No. 43, 1872, Hawkes Bay, etc.) and for the selection of land on the deferred-payment system (Act No. 77, 1871; No. 39, 1872, Otago; No. 43, 1872, Hawkes Bay, etc.), a plan by which the land could be paid for by instalments covering several years, title being given only when the payments were completed and the conditions of residence and improvement fulfilled. In Hawkes Bay no one could buy on deferred payments less than 40 acres, nor over 200 acres, in his own name or another's. In Otago the limits were 50 to 200 acres. The double limitation was intended to confine the system and its advantages to the class of small and medium farmers it was meant to benefit, and so encourage the agricultural development of the country.

sure that the land was selected for actual use and not for speculation, encouragement of small farms by affording those who took moderate areas the advantage of paying for the land in instalments out of the earnings of crops, withholding title till the payments were completed and the residence and improvement conditions fulfilled, preventing premature resale or transfer, these and other expedients were used more and more to favor close settlements.

Till 1877, however, most of these efforts were partial and provincial and of comparatively little effect. There was no adequate realization of the dangers of land monopoly, nor organized and systematic opposition to it; no comprehensive national movement to secure the soil to the common people. Low prices of public land, the increase of population and rising values caused by gold discoveries and railway building, the insecurity of pastoral leases, the desire to build up great estates or make a fortune on the rise of land, led to vast speculation and great concentration of land ownership in the period before 1877.

Limitation of area and settlement conditions were evaded by "dummyism," or the taking of land in the name of a relative or employee or other "dummy," who fulfilled the letter of the law's conditions, for the rich man behind the transaction. Freeholds could be bought up from their owners, and estates on deferred payments could be gathered in after the conditions were fulfilled. There was no limitation on the area a man might *hold*; no substitution of permanent leaseholds for the freehold; no tax on land values to discourage holding land idle for speculation, and to favor the breaking up of great estates; no power to resume large freeholds and divide them; no uniformity in, nor adequate administration or enforcement of, the land laws in different districts, not even in respect to sales and settlement conditions; nothing in short that could offer any serious obstacle to the growth of monopoly.

#### THE MOVEMENT OF '77 AND SUCCEEDING YEARS.

The current of thought set up by the land events of the first 35 years of the Colony's life (especially those consequent on the gold rush of the sixties and the railway boom of the seventies), developed and invigorated by Grey, Ballance, and Stout, led to a series of strong enactments from 1877 to 1885

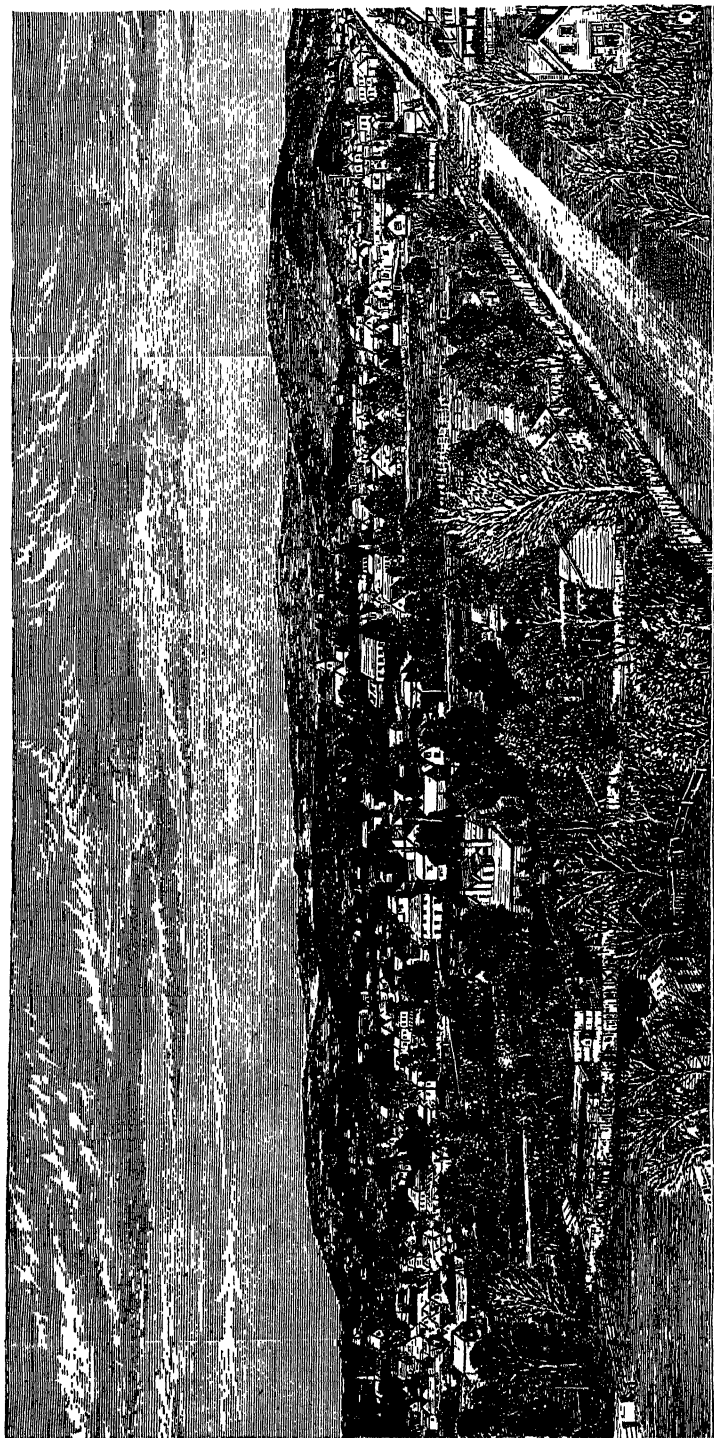
aimed at settling a race of small farmers on the soil, and checking speculation. Efforts were also made to systematize and unify the land laws, establish a policy looking toward the nationalization of the land, and secure for public use a part of the unearned increment of land-values. Some good work was done, but on the whole the landlords of monopolistic tendencies were able to cripple or evade the progressive measures, and more than hold their own against the people's interests till 1891.

The land-value tax of 1878 has already been described. The other principal acts affecting land in this age of organized battle between the people and the plutocrats, will be referred to now. For those who give special attention to the land question, these measures have peculiar interest, especially the perpetual lease with the fee simple in the State and periodic revaluations to take for the public Treasury the increase of land value due to social forces. But for the general reader a rapid glance may suffice for the rest of this chapter—a sort of military review of the first great army of national land laws going to their Bull Run to prepare the way for the victory of their successors.

#### THE ACT OF 1877.

The land act of 1877 was the first step in the establishment of a national land policy for the settlement and administration of public lands on something like uniform principles throughout the Colony. This step was rendered possible by the abolition of the provinces, and indeed one of the chiefs arguments in favor of abolishing the provinces was the necessity for a simplification and unification of the land system of the Colony. How great the need was may be judged by the fact that the new law repealed no less than 56 statutes, most of them dealing with provincial systems.

The law provided for a Minister of Lands—an important advance—and a Local Land Board in each of the ten land districts into which the act divided the country. Each Board must have a permanent Chief Commissioner, who is a Government officer, the other members being ordinary citizens receiving fees for their services. These Boards were instructed to classify lands and sell separately, noting the special value in respect to kind of soil, timber, minerals, proximity to railways, etc. Unsurveyed land was not to be sold any more without ascertaining its position and quality. The Boards were authorized to increase the upset price of lands of special value, and they were given the general powers of courts of law in matters of administration, subject to appeal to the Supreme Court. The system has worked admirably and is still in force.



NELSON IN THE MIDDLE PERIOD.

*A section of the city from the Panorama of Nelson in Vogel's Hand-Book.*

All lands were classified as town, suburban or rural, the first two to be sold at auction at upset prices of \$150 and \$15, respectively, and the third at an upset of \$5 an acre, under methods specified for each district and assimilating so far as possible the former conditions existing under the provinces. The rural lands were agricultural and pastoral; the first could be sold at auction at \$5 an acre in areas from 20 to 320 acres, which was the largest block of land fit for agriculture that could be sold in one block, but special areas of pastoral land unfit for agriculture could be disposed of in areas ranging from 500 to 5,000 acres at the same price.

Pastoral lands might also be leased at auction in areas capable of carrying not more than 5000 sheep or 1000 cattle the year round,<sup>3</sup> at an upset rental fixed by the local boards for periods not exceeding 10 years,<sup>4</sup> and subject to resumption on 12 months' notice without compensation for improvements. A pre-emptive clause allowed lessees with assent of the board to buy from their leaseholds a homestead block not exceeding 320 acres.<sup>5</sup>

### Land on Deferred Payments.

The most important provisions of the act, however, were those intended to enable men of small means to take up farms. For the first time land was obtainable from the Crown in all parts of the Colony on Deferred Payments, and great care was taken to confine the privilege to bona fide cultivators and users of small blocks.

Land could be had in blocks from 20 acres up to a maximum of 320 acres, at a price fixed prior to the sale, or determined by auction, the price being put 50 per cent above the amount bid. Licenses to occupy suburban, rural and special pastoral land were issued for 5, 10 and 15 years<sup>6</sup> respectively, during which the selector paid annually 1/5, 1/10 and 1/15 of the prices arranged.<sup>7</sup> Stringent settlement conditions as to residence and improvement were insisted on.<sup>8</sup>

Suburban land must be cultivated 1/10 the first year, 1/5 the second year and 3/4 the fourth year, personal residence was necessary for

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<sup>3</sup> The area was increased in 1882 to the amount necessary to pasture 20,000 sheep or 4,000 cattle.

<sup>4</sup> Increased to a term not exceeding 21 years in 1882.

<sup>5</sup> Repealed 1882, re-enacted 1885.

<sup>6</sup> The ten-year term for *rural* lands was increased to fourteen years in 1882.

<sup>7</sup> In case of special blocks of pastoral land set apart for purchase on deferred payments, no conditions as to improvement were imposed, but six years' residence was necessary.

<sup>8</sup> The Act provided that "One-third of the price of any block of land disposed of under this part of the Act (Deferred Payments) shall be handed over to the County Council or Road Board of the district within which such land is situated, to be expended in the construction of such roads within, or to open up, the block for the benefit of the selectors. And the pay-



four years and the land must be substantially fenced and otherwise improved to the extent of \$50 an acre.

Rural land must be cultivated  $\frac{1}{20}$  the first year,  $\frac{1}{10}$  the second and  $\frac{1}{5}$  the fourth year, with 6 years' residence, and improvements within that time to the value of \$5 an acre

The selector had to sign a declaration that he was 18 years of age; that he held no other lands on deferred payment, nor had ever held, nor assigned his interest in any way; that he was not, either in his own or any other name, the owner in fee simple or on agricultural lease of more land than would in all with the present application amount to 640 acres; that he himself would cultivate for his own benefit only, and would fulfil the prescribed conditions as to residence and improvement. Non-fulfilment of conditions enacted forfeiture of the lands. Officers called Rangers of the Crown were appointed to value improvements and see the provisions of the law carried out.

After the conditions were complied with, and the balance of the purchase money was paid up, the selector was entitled to the fee simple. The freehold of rural land might be obtained at the end of three years on fulfilment of the cultivation and improvement requirements and full payment. The incomplete interest of the selector in his land could not be charged, encumbered, or taken in execution for debt, and the transfer of his ownership required the approval of the Land Board of the district.

Under this system the man of small capital who could not pay cash for a farm, might take up land and pay for it gradually out of his crops. While on the other hand the Government could be sure the land was taken for genuine use in reasonable area, and could control the transfer for a number of years. The system proved popular and beneficial.

While these thoughtful provisions in aid of cultivators with small means, were being applied, a helping hand was extended to agricultural immigrants of the poorest class, by the

#### AMENDMENT ACT OF 1879.

The plan was to set aside blocks of Crown lands for *Village Settlements* in the districts where poor laborers were likely to find more or less work on the lands of richer neighbors, or on the district roads.

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ments made by the selectors shall, from time to time, until the amount of such one-third be reached, be paid over to such County Council or Road Board, as the case may be. The plans of proposed roads shall in all cases receive the sanction of the Waste Land Board of the district." The principle embodied in this section has been extended by subsequent Acts to include the payment to local bodies of one-third of the rents of small grazing runs. In the case of perpetual and grazing leases, the proportion of rent is paid for a period of 15 years. The local body has to satisfy the Land Board of the completion of the works for which this money is specially set apart.

Sections of village land of an acre or less were provided for homes, and larger sections up to a maximum of 50 acres for "small farm allotments." Each applicant was offered one village section and one farm allotment at moderate prices (not less than \$25 for the lot, or \$5 an acre for the farm) on immediate or deferred payments. The worker could earn his support outside, partly or wholly, and improve his land during slack times.

Further to induce cultivation, blocks of land of fine quality called "*Special Settlements*" were set aside for associations or groups of buyers who took up the land in bulk and subdivided it among themselves. A number of these special settlement associations have succeeded admirably, particularly under the new form given to the plan in later laws.

#### THE PERPETUAL LEASE, 1882.

The next important move introduced one of the most interesting institutions in the history of New Zealand: the Perpetual Lease. It was established by a "Conservative" Government under Whitaker in 1882, but was worthy of Grey or Ballance or Seddon, and was in fact in its inception a Liberal measure of the most pronounced type. The Governor was authorized to set aside lands not exceeding  $\frac{1}{3}$  of the agricultural land open for sale,<sup>9</sup> *to be leased for 30 years with the right of perpetual renewal for successive terms of 21 years each, the rent to be 5 per cent or more on the unimproved land value, which was to be re-estimated near the end of each term by taking the total value of the property by arbitration and deducting the value of improvements.*

No one could become a sublessee or holder under such a lease who would thereby become the owner or tenant of more than 640 acres of first-class land (including all the land he already owned or occupied),<sup>10</sup> under penalty of forfeiture. The tenant must reside on the land and bring a considerable part of it under cultivation within a stated time.<sup>11</sup> If he did not wish to take the renewal lease it should be put up at auction, the new tenant paying and the old tenant receiving the value of the permanent improvements.

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<sup>9</sup> Amended in 1884 so that as much land could be set aside as might at any time be applied for.

<sup>10</sup> Under lease, or any other way, individually or in common or jointly, except that estates of tenancy by marriage, will or descent are not included.

<sup>11</sup> He must cultivate one-twentieth part within one year, one-tenth within two years, one-fifth within four years, and also make improvements to the value of £1 per acre within six years.

In its original form the lease was as good as its name; it was perpetual, a lease forever, not convertible into a freehold. The soil would always belong to the State and the possession could not be transferred to any one who would thereby become the holder of more than 640 acres. From the standpoint of the "unearned increment" philosophy of Grey and Ballance, such a measure would seem to be about perfect, the main defect being that so long as other tenures existed, its revaluations would be a special tax on the class most deserving of exemption.

Such a radical instalment of nationalization of the soil and checkmate of monopoly and speculation, could not be tolerated by the speculators and monopolists, and in its passage through Parliament the Bill was attacked and a clause inserted per-



HAMURANA STREAM, LAKE ROTORUA, NORTH ISLAND.

mitting the leaseholder to buy the fee simple of his holding after 6 years and before 11 years had passed. If he did not purchase within those years he would continue to hold under the lease subject to renewal proceedings as above.<sup>12</sup>

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<sup>12</sup> In South Australia by the Act of 1888 real perpetual leases were established without any clause making them convertible into freeholds. The lessee can transfer only with assent of the Land Board and his rent is freshly appraised every 14 years, improvements, of course, being exempted in the revaluations in South Australia as in New Zealand. This has proved so popular that in 1901 over 7 million acres were held in this way, an amount little short of the whole area sold and held in fee simple since the founding of the Colony.

In Victoria the perpetual lease was sanctioned in 1898, with revaluations every 10 years, but subject to the right of turning the lease into a conditional purchase with a chance to get the freehold.

Land absorbers did not find even this satisfactory and in 1887 leaseholders were allowed to buy at any time. After the system got thoroly under way, more holdings were taken up under it than under any other tenure,<sup>13</sup> and by 1891, about 1,110,000 acres had been taken in this way, and 1,019,405 were still under the lease. Since then three-fourths of this area has been turned into freehold, and taking the totals from the time the law was enacted down to March, 1902, something like six-sevenths of the perpetual leasehold lands have become freehold,<sup>14</sup> so that perpetual leasing with a purchasing clause has

<sup>13</sup> The following data indicate the popularity of the "perpetual lease":

Year	Cash		Deferred Payments		Perpetual Leases	
	No of Selectors	Area acres	No of Selectors	Area acres	No. of Selectors	Area acres
1885	1,242	64,975	706	70,238	111	24,410
1886	848	66,677	650	50,084	296	44,986
1887	491	32,860	669	51,112	(a) 1,623	122,902
1888	622	28,295	466	45,416	985	118,592
1889	756	69,162	496	55,601	1,001	224,999
1890	702	47,478	426	47,181	832	234,904
1891	661	100,222	315	35,981	854	290,248
1892	581	40,930	246	40,467	1,044	287,664
1893	627	36,854	{ 198 (161) (b)	{ 21,081 (54,271) (b)	{ 519 (1,000) (c)	{ 125,000 213,287 (c)
	6,530	487,153	4,323	170,535	8,317	1,682,954

(a) The very large number of perpetual leases in 1887 was due to the growth of Ballance's Village Settlements.

(b) Occupation with right of purchase.

(c) Lease in perpetuity. These two terms (b) and (c) were introduced in September, 1892, in place of deferred payments and the so-called perpetual lease.

In 1885 the selections for cash or on deferred payment were eighteen times as many as the selections on perpetual lease, but in 1892 and 1893 the selections under the perpetual lease and its substitute numbered many more than the total of the other two systems combined, and, in fact, the items marked (b) should, by good rights, be added in with the perpetual lease, for the 25-year occupation lease, with right of purchase after 10 years, resembles the "perpetual lease" in its force and effect more closely than it does the deferred-payment system.

<sup>14</sup> From 1885 to 1893 about 1,492,700 acres were taken under perpetual lease, as the preceding note shows. Since March, 1893, about 20,000 acres have been taken under perpetual lease by 55 selectors, and something like 50,000 acres were taken before 1884-1885 by selectors estimated at 200, making a total, down to March, 1902, of about 1,542,700 acres and 7,572 selectors under the perpetual lease. The present Year Book gives for March 31, 1902, only 218,607 acres still held under perpetual lease by 1,507 tenants of the State, so that (allowing for some surrenders and some forfeitures through failure to fulfil conditions) about six-sevenths of the total area and nearly four-fifths of the holders have changed to another tenure, some perhaps to the lease in perpetuity, but for the most part to the freehold.

proved only a roundabout way to the freehold with its unlimited facilities for aggregation and speculation.

### 1885-1888.

In 1885, when two of Grey's colleagues, Robert Stout and John Ballance, were respectively Premier and Minister of Lands (1884-7), a big consolidation land act was passed, re-enacting the principal features of the acts of 1877-79, and '82 with some additions and modifications.

#### Land Act, 1885.

(1) Town and suburban lands were to be sold by auction, and rural lands either by auction at an upset not less than £1 per acre or by sale on application at not less than £1 per acre. No more than 320 acres of rural land could be sold in one lot excepting third class or pastoral lands.

(2) Small runs not exceeding 5,000 acres were let for 21 years without right of resumption, but no one could take such a lease who would thereby hold more than 6,000 acres in the Colony.

(3) Pastoral leases of areas not more than enough to carry 20,000 sheep or 4,000 cattle, could be had for terms not exceeding 21 years subject to determination on 12 months' notice if the Governor thought the land needed for sale.

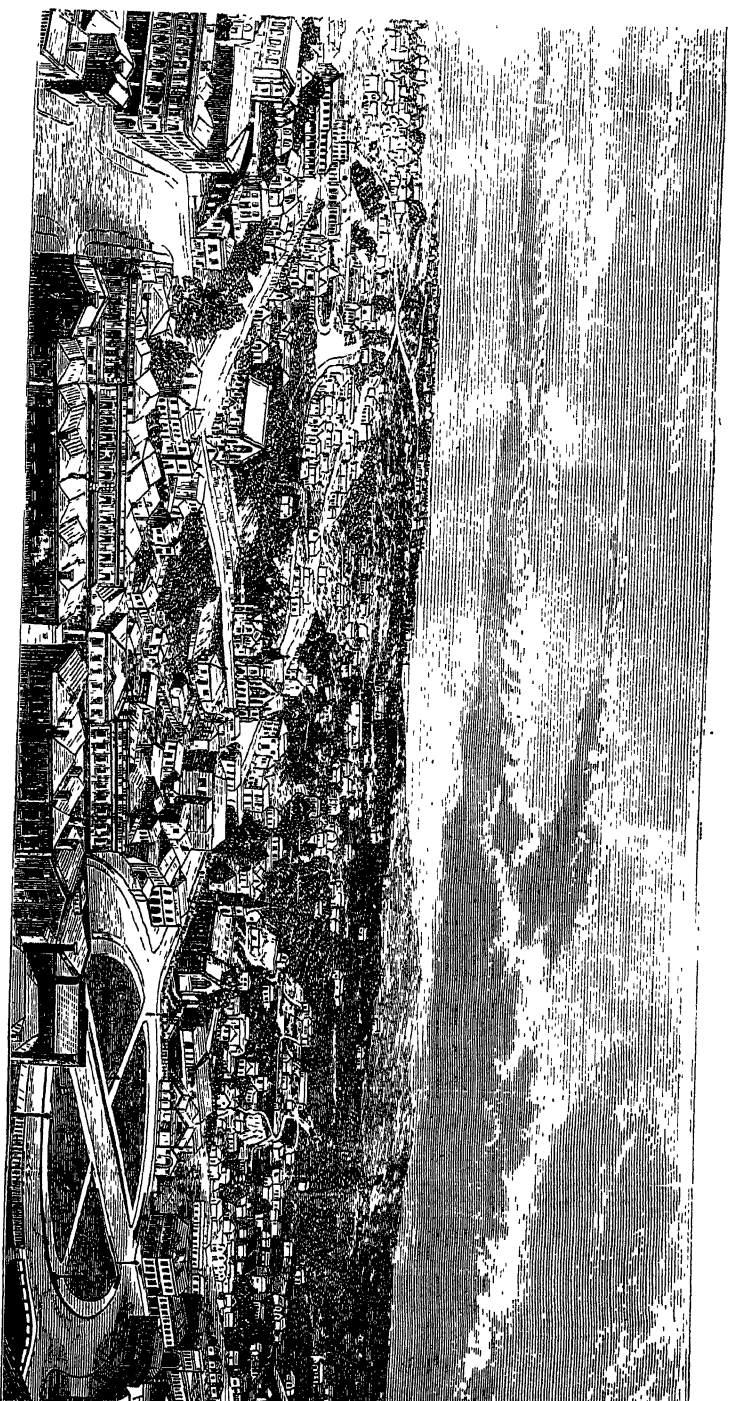
(4) Perpetual leases, with conditions of residence and cultivation, right of purchase, renewals, re-valuations and exclusion of anyone who, if made a lessee or transferee, would become the owner or tenant of more than 640 acres in New Zealand, were provided for as in 1882.

(5) Small lots (not over 50 acres) could be leased on application without auction upon perpetual lease with renewals and other conditions as above except that *the fee-simple* could not be purchased, but *was to remain in the State*.

(6) The Governor might set apart lands for Village Settlements, to be divided into lots not over 1 acre each, or farms not over 50 acres each, or both. The allotments to be sold for cash, or on deferred payments, or offered on lease for a term not exceeding 30 years with perpetual right of renewal for terms of 21 years each. The rent to be 5 per cent on the land-value, re-estimated at the end of each term by taking the gross value of the property and subtracting the value of the improvements belonging to the tenant.

#### State Purchase of Land in Case of Dispute as to Assessment.

The Assessment Act of the same year (1885) provided that in case of disagreement between the Commissioner's valuation of property for taxation and the value named in the owner's return, the Governor in Council on the recommendation of the Commissioner might purchase



DUNEDIN IN THE MIDDLE PERIOD.

*A section of the city from the Panorama of Dunedin in Vogel's Hand-Book.*

the property at the value named in said owner's return plus 10 per cent unless the owner assented to the Commissioner's valuation. On the owner's part he might require the State to reduce the assessment, or to purchase the property at the value named in his return (without any additional per cent).

These provisions were avowedly meant only for the enforcement of the assessment law, and not for the purpose of State resumption of land. They could have been used for this end if the Commissioner chose to lift his valuation to an unreasonable height, but this would not have been an honest use of the law according to its spirit and purpose, was not likely to be, and in fact was not, adopted by any administration during the reign of the land monopolists, and would doubtless have led to a quick repeal of the law if it had been.

Here was a clear recognition of the principles of limiting the area of holdings, Government repurchase of land, and perpetual leasing with State ownership of the fee simple and public absorption of the unearned increment by periodic revision of the land-value basis of the rentals. But freehold accumulation without limitation was left in full swing—even the leases for the most part permitted purchase of the fee after 6 years, and there was no progressive tax to discourage monopoly; nor effective provision for taking over large estates and dividing them up; nor any limit to the number of lots a rich speculator might purchase for cash without a single guaranty to the State that good use would be made of the land; nor a limit to the number of carefully improved deferred-payment or "perpetual lease" sections he might in bad times buy up from the poorer cultivators if the latter had obtained their crown grants in fee; wherefore tenure was in a few years being inevitably worked in a vicious circle round again to the old system,—the concentration of land ownership could go on without difficulty and did go on. The Parliamentary recognition of the important principles in the statutes we have reviewed was worth a great deal, however, and the village settlement provisions soon rendered excellent service, but till 1891 the speculators and monopolists had things pretty much their own way, especially after the reactionary legislation of 1887-8.

1887-8.

In 1887 it was enacted that the Governor might by notification in the Government Gazette, declare rural lands open for selection (at prices stated in the notification) for cash, or on deferred payments, or perpetual lease, at the *option* of the selector. Rural lands then open

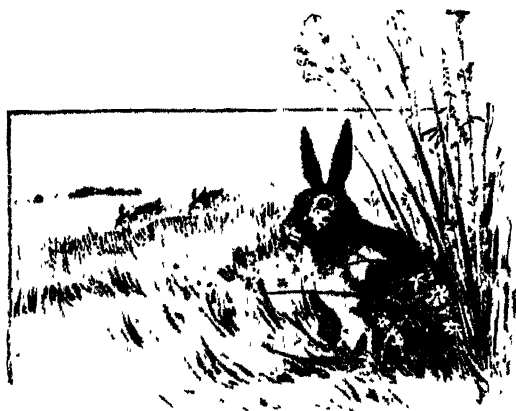
on deferred payments or perpetual lease, were declared open for sale for cash, or occupation on either tenure. No one could purchase for cash, or have purchased for him, or secure from the public lands in any one land district, under freehold, deferred payment, or perpetual lease, more than *640 acres of first-class land or 2,000 acres of second-class.*<sup>15</sup> Any holder of a perpetual lease or deferred payment contract was authorized to acquire the freehold at any time as soon as he had carried out the improvements required by his license. The area of "small grazing runs" was extended from 5,000 to 20,000 acres.

In 1888 residence on swamp lands or lands held on perpetual lease was dispensed with; deferred payment selectors might hold up to 640 acres instead of 320; and the Governor was given authority to declare land set apart for Village Settlements to be open for sale and selection under the optional system of 1887.

This was the last land legislation of the Conservatives. Atkinson at the head of the Conservatives had come into power October 8, 1887, to remain till January, 1891. The limitation of purchase italicized above was an advance, but the rest of the provisions, and especially the facilities for translating other tenures into freehold, were decidedly retrogressive, and even the limitation of purchase was evaded by dummyism, flagrant cases of which occurred as late as 1890. In fact it was so prevalent and so persistently winked at, that the Minister of Lands from 1887 to 1890 was dubbed "The High Priest of Dummyism."

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<sup>15</sup> The applicant must sign a declaration, saying, "I purchase for my own use (or the use of C. D., for whom I am trustee), and I do not (or C. D. does not) hold 640 acres first class or 2,000 acres second class in this district."



A Competitor for the Soil.



## CHAPTER 27.

### BALLANCE'S VILLAGE SETTLEMENTS.

The bad years 1885 and 1886 filled the streets of New Zealand towns with idle workmen, and the Minister of Lands, John Ballance, did his best to put the unemployed with their families, on the soil. He put his village settlement plan in execution, placing idle labor on idle land with government loans to help the settlers build their homes and clear and plant the land.<sup>1</sup> In various parts of the Colony blocks of public land were taken and divided into holdings of 20 to 50 acres, and parties of 6 to 30 settlers were sent out to occupy them. The allotments were not given or sold to the village settlers, but let to them on perpetual lease at a rental equal to 5 per cent on the prairie value of the land, which was usually £1 an acre. Once in a generation the rent was to be revised. Under Ballance's regulations the settlers were aided by a two years' postponement of their rent, and by advances up to \$350 each,<sup>2</sup> \$250 to enable the settler to buy seed, tools, food, etc.,

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<sup>1</sup> The village settlement plan was first outlined by the Hon. Wm. Rolleston, Superintendent of the Province of Canterbury, 1868 to 1876 (afterwards Minister of Lands in the Hall Government, 1879-1882, and still later Conservative leader of the Opposition in Parliament, 1891-1893). He began the village settlement system in Canterbury in 1874. In the early years of the public-works policy there was some difficulty in finding employment for the Vogel immigrants coming into the Province, and, in answer to a delegation of the unemployed, Rolleston laid out a programme for village settlements, with help from the Treasury for building homes, etc. On the line of railway, or near it, blocks of Government land were laid off in sections varying from 1½ to 5 acres. Assistance up to \$50 for each settler was given towards the erection of a small cottage. The occupation was rent free the first year, afterwards 50 cents a week. A number of the settlements were not intended to be permanent, and have long since disappeared. In other cases the land was sold to the settlers on the deferred-payment plan. Little or nothing was done to extend the village system from 1876 to 1886, when the new movement began under the law of 1885 and the liberal regulations of Minister Ballance.

<sup>2</sup> This new and important feature introduced into the village-settlement scheme by Minister Ballance afforded a settler \$12.50 loan on each acre up to twenty, besides \$100 for a dwelling. The settlers paid 5 per cent interest on these loans.

with \$100 more to help build a house. Thus many destitute families were comfortably settled in homes of their own, and altho Ballance was fiercely attacked in 1887 for his experiments, and some of the settlements failed, others were successful, and the country recognized the value of the plan, and



HON. JOHN BALLANCE, MINISTER OF LANDS.

*While Treasurer in Grey's Ministry, in 1878, John Ballance carried the first land-value tax, and as Minister of Lands in the Stout-Fogel Cabinet, 1886, he established village settlements on a permanent basis, thereby greatly endearing himself to the working people of the Colony*

since the Liberal Labor Party came into power it has been established on solid foundations.

About 2,200 selectors settled in Ballance's villages. Ballance went out of office in September, 1887, and his successor did not encourage village settlements. Selectors were allowed

to buy the fee simple of allotments and some 20,000 acres of the settlements have passed in this way into the hands of 3,000 purchasers. In 1902 there are 2,000 village settlers holding 42,000 acres, and with their families numbering about 5,500 souls. But this does not tell the whole truth, for Minister McKenzie, who became Minister of Lands under the Ballance Government in 1891, carried on with renewed energy the planting of idle workmen on the land in slightly different forms, making them holders of "improved farms," tenants of "repurchased estates," etc., and, including all settlements that really belong with the "villages" whatever the name of the holdings, we find in 1902 over 5,000 tenants in such settlements, or about 20,000 people in all.



## CHAPTER 28.

### STATE FORESTS.

The splendid forests of New Zealand had for years been subject to a rapid process of destruction by forest fires and commercial vandalism. It became evident that the supply of timber would not last many decades if something were not done to check the wastes and losses. Moreover, the rainfall and river sources of wide districts were being seriously affected; and in many places on the mountain slopes where the soil was thin the removal of the trees left it at the mercy of the storms, which washed it away, leaving the rocks entirely bare, undoing in a few months the whole results of nature's soil-building carried on through ages of the past.

To stop these evils a Forest Act was passed in 1885<sup>1</sup> to provide for the reservation of State forests and the control and management of them by the Government.<sup>2</sup> The preamble states the purpose of the law as follows:

"Whereas, it is expedient to make provision for setting apart areas of forest land in New Zealand as State forests, and to subject the same to skilled management and proper control in order thereby to prevent undue waste of timber, and to provide timber for future industrial purposes, and to provide for the proper conservation of climatic conditions by the preservation of forest growth in elevated situations; Be it enacted, etc."

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<sup>1</sup> Forest Trees Planting Encouragement Acts had been passed in 1871-1872-1879, and Canterbury had a Planting of Forest Trees Ordinance as early as 1858, but neither these nor the Forest Act of 1874 had proved sufficient to meet the situation. A few reckless years of lumbering can easily destroy centuries of Nature's handiwork, especially if a fire gets loose in the forest now and then and spreads its ruin in the woodland.

<sup>2</sup> In the United States the same reckless destruction of forest growth has taken place, and for the most part is still in progress. Congress, however, has shown a disposition to do something in the matter, and in 1891 a law was passed authorizing the President to set aside national forest reservations to conserve our valuable woodlands and protect the head waters of our rivers.

Some reservations have been made under this law, and the Secretary of the Interior has been authorized to manage and control the National Forests; protect them against fires and depredations; establish such service as is necessary to regulate their occupancy and use; preserve the living and growing timber, and promote the younger growth. The Secretary may sell the

The law authorized the Commissioner of State Forests to establish schools of forestry and agriculture, grant licenses to cut timber and take measures to preserve and improve the forests of the Colony.

The Government in recent years has shown an ever-increasing interest in the preservation of the forests and the planting of trees. In the financial statement presented to Parliament, July, 1902, the acting Premier said:<sup>3</sup>

"In pursuance of the decision of the Government that the remaining areas of forest in the Colony should be conserved and dealt with in a systematic manner, the Government have under consideration the whole question of how best to deal with this important matter. Special attention is being given to the reservation of all forest upon the mountains and higher tablelands to insure the maintenance of rivers and streams, the gradual distribution of rainfall, the protection of the surface of the country from degradation, and the prevention of the destruction of lands in the valleys or their deterioration by the deposit of detritus, whilst maintaining the climatic equilibrium, protecting the native flora and fauna, and doing all that is possible to preserve the beautiful scenery for which the Colony is famed. On a smaller scale scenic effect is being attended to by the reservation of forest lands in gorges and on river banks and the higher portions of the Colony, so as to preserve all places of natural beauty which serve to make New Zealand attractive, especially from a tourist point of view. . . . The Government also have in contemplation a large expansion of tree-planting operations; and it is fortunate that we possess a large area of land in the central district of the North Island which, tho not well adapted for agricultural and pastoral purposes, is believed, as the result of trial plantations, to be well suited to the growth of vast forests of specially selected and valuable trees."

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dead or matured or large growth of trees. The foresters and employees are to be appointed wholly for fitness, without regard to political affiliations.

These provisions for national ownership and operation of forest land are excellent, but as yet very little has been done to bring our forests under their protection. The original forest area of the United States was 2,968,700 square miles. The present forest area is only about 500,000 square miles, and less than one-twelfth of this has been reserved under the above legislation.

<sup>3</sup> N. Z. Hansard, 1902, Vol 120, p. 145



## CHAPTER 29.

### FIRST OFFENDERS' PROBATION.

#### REFORMATION AND PREVENTION RATHER THAN PUNISHMENT.

In 1886 New Zealand adopted the principle of conditional probation for first offenders, which has been tried in this country with such great success.<sup>1</sup> Instead of sending the patient to prison, the judge may release the erring one on condition of good behaviour. A probation officer investigates the character and offense of every one arrested for a first offense, to see if the accused may reasonably be expected to reform without punishment. If this appears likely, the offense not being a heinous one and the previous character being fair, the officer recommends probation to the Court trying the case, and the Court may adopt the suggestion if it thinks best. The

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<sup>1</sup> Probation has been practiced in Boston nearly a quarter of a century, a law providing for it having been passed in 1878. Over 90 per cent do well and are discharged, and only 6 or 7 per cent prove incorrigible. After the plan had been in operation ten years, the Roxbury inspector said in his report: "Probation has saved many of both sexes from exposure, shame and loss of situation in cases where they had committed their first offense, and not only saved them for the time being, but for all time."

The *indeterminate sentence*, that has produced such astonishing results in the Elmira Reformatory, New York, is also worthy of the attention of progressive nations. The length of residence of the convict is left to the decision of the management. He is treated as a moral patient, to be built up into an honest, self-supporting character as rapidly as possible, chiefly by teaching him how to work and showing him the value of labor by adjusting comfort and rewards to the degree of industry and skill he manifests. When his record indicates that he is fit for citizenship in free society, he is released, but is on probation for six months, being kept under close supervision till he has proved himself worthy of absolute freedom.

There is a maxim of law to the effect that everyone is to be deemed innocent till the contrary is proved. When the contrary is proved and a person is convicted of unfitness for civilized society, there should be a companion presumption that would deem him to continue unfit till he demonstrated the contrary. We would not confine a tiger, or a bear, or a leper, for one year or two years and then let him out again to prey upon or contaminate society; and such a course is no wiser with those who manifest a criminal nature—all such undesirables should be kept beyond power of harm till tamed or cured.

In the history of development, criminal law begins with vengeance and punishment, and ends with love, reformation and prevention.

released offender is assisted, encouraged and watched over by the probation officer, to help him live an honest and useful life. If he does well, he is finally discharged. If he does not do well, he may be rearrested and sentenced.<sup>2</sup>

The plan has proved excellent. Four years after its adoption, when its effects were well tested, the Inspector of Prisons reported:

"As regards the First Offenders' Probation Act, I cannot speak too highly of its usefulness, and I have no hesitation in stating that many a young and thoughtless offender has been rescued from a career of crime through its intervention. The act works smoothly and satisfactorily and is proving year by year one of the most useful measures ever passed by any legislature."

In the report of 1901 the Inspector, after stating the results from the start, sums up as follows:

"From the foregoing it will be seen that 83 per cent have done well, while only 2.41 per cent have eluded the vigilance of the probation officers and absconded. These statistics speak for themselves and show that the probation officers, who do the work gratuitously, have carefully inquired into and made judicious recommendations in the majority of cases, and are deserving of commendation

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<sup>2</sup> The details of the principal provisions of the act may be of interest to the reader. If the charge is murder, attempt to murder, rape, robbery, burglary, corrosive fluid throwing, extortion, coining, placing an explosive to endanger life or property, or an offense attended by irreparable or serious consequences, and either endangering life or indicating, in the opinion of the court, an established criminal intention on the part of the accused, the act does not apply; such crimes are "not within the meaning of offense as used in this act."

If the case is not within the excepted list of heinous crimes, and the previous character of the offender has been good, no indictment or conviction against him in the past, and the probation officer thinks the interests of the public and of the offender would be subserved by putting him on probation, the officer makes a recommendation to that effect to the court which tries the case, and, upon conviction of the offense charged, instead of sentencing the prisoner to punishment, the court may release him on probation for such term as it deems best, not exceeding the longest term for which sentence could be imposed.

The conditions of probation are: (1) That the probatee must report himself where directed within 24 hours after liberation; (2) that he must report in person once every month, unless the officer authorizes a report in writing; (3) that he must reside (*i. e.*, sleep) at the address notified to the officer; (4) that he must get his living by honest means, approved by the probation officer in charge of the case, and (5) that if he changes his address he must give the officer 48 hours' notice.

At the end of the term of probation, if all the conditions have been fulfilled, the probatee or convicted person is discharged as if he had served out a sentence.

If the conditions are not complied with, re-arrest and sentence may follow.

*Any person arrested and committed for trial for a non-heinous offense, and not able to give bail, may be released on probation, as above, while awaiting trial.* This is one of the most beneficent provisions of the act, imprisonment pending trial being in many cases a greater iniquity than that perpetrated by the unfortunate (and perhaps innocent) prisoner.

The results prove beyond doubt that the Probation Act, which puts first offenders under a term of surveillance that is calculated to give them an extra incentive to good behavior, and to check predilections that might end in a career of crime, is satisfactorily attaining that end.<sup>3</sup> A probationer has ever before his mind the inevitable consequence which will ensue should he deviate from strictest rectitude of conduct during his probation, while he is not in a position to be contaminated by the evil associations which are almost inseparable from a prison life. The State is relieved of the expense of his support, and there is much more inducement to return to the paths of honesty and industry than there would be were he under bars and bolts inside the walls of a felon's cell; and, lastly, he is not branded as a 'jail-bird.'

The ordinary plan of imprisoning young offenders with hardened criminals is like taking people who have caught cold or got a mild case of measles, and boxing them up with a lot of consumptives, small-pox patients and yellow-fever victims. Crime is a disease coming usually from infection, but sometimes organic. The doctors recently took a boy who manifested brutal instincts, opened his skull and operated on the proper part of his brain, and the youth became a gentle, law-abiding citizen. Removal of causes, prevention of contagion, and cure, should be the aims in dealing with crime as with any other disease.

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<sup>3</sup> Of the 1,232 persons placed on probation since the introduction of the Act, in October, 1886, no less than 1,021 had, by 1901, been discharged after satisfactorily carrying out the conditions of their licenses, 73 having been re-arrested and sentenced to various terms of imprisonment; 1 committed suicide, 2 died, 29 absconded, 1 was sent to a lunatic asylum and 105 remained, fulfilling the conditions of their terms of probation. (N. Z. Year Book, 1902.)

One hundred and twelve persons were placed on probation in the year 1900, as against 117 in 1899. Of these, 32 were discharged after satisfactorily carrying out the conditions of their licenses, 3 were re-arrested and 77 remained under the supervision of probation officers.





## CHAPTER 30.

### THE CIVIL SERVICE.

In 1858 the Parliament passed an act whereby "any one in the civil service, except extra clerks," could retire on annuity in case of incapacity by age, ill-health or other infirmity after ten years of faithful and diligent service. If the term of service had been 10 to 17 years the annual allowance was  $\frac{1}{4}$  of the employee's average salary for the last three years. From 17 to 45 years the pension was  $\frac{1}{3}$  of such salary plus  $\frac{1}{84}$  of such salary for each year of service above 17. For 45 years or more of service the allowance was  $\frac{2}{3}$  of the said salary. In the discretion of the Governor in Council, relief up to one year's salary could be granted the widow or family of one dying in the employ of the General Government.

In 1866 provision was made for the thoro organization, classification and regulation of the civil service. Government employees were divided into five classes. Examinations were provided, but they were not competitive. Appointments were made to the lowest class on probation. Promotion was made to depend on seniority in office, so far as that principle could be followed without detriment to the service, but the Governor was authorized to appoint any one to a vacancy, stating his reasons to the General Assembly. Dismissal was left at the will of the Executive. The allowance on retirement after ten years' service was fixed at  $\frac{1}{60}$  of the average salary (of the three preceding years) for each year of service,  $\frac{11}{60}$  for 11 years' service,  $\frac{12}{60}$  after 12 years' service, etc., up to  $\frac{40}{60}$  or  $\frac{2}{3}$  pay after 40 years or more of service.

### THE MERIT SYSTEM.

In 1886 a law was passed establishing competitive examinations for Civil Service appointments, except in the case of

persons skilled in medicine, law, navigation, science and technical art, extra clerks, officers of prisons, messengers, and the military and police officers, who must, however, have passed the fourth standard of education in the public schools. The right of dismissal was placed on three months' notice. The act was not to apply to the working railway staff, and the telegraph and postal employees might be excepted by the Governor-in-Council. These departments, however, have other Civil Service rules of their own.

#### SUPERANNUATION AND INCAPACITY.

The retiring-allowance sections of the Civil Service Act of 1866 were repealed in 1871 as to persons coming into the service after that date, and nothing further was done along this line until the Act of 1886, which provided that out of the salary of every civil servant thereafter appointed, 5 per cent should be deducted each year to be put at interest with the Public Trustee for the benefit of the employee; such funds not to be subject to attachment or bankruptcy.

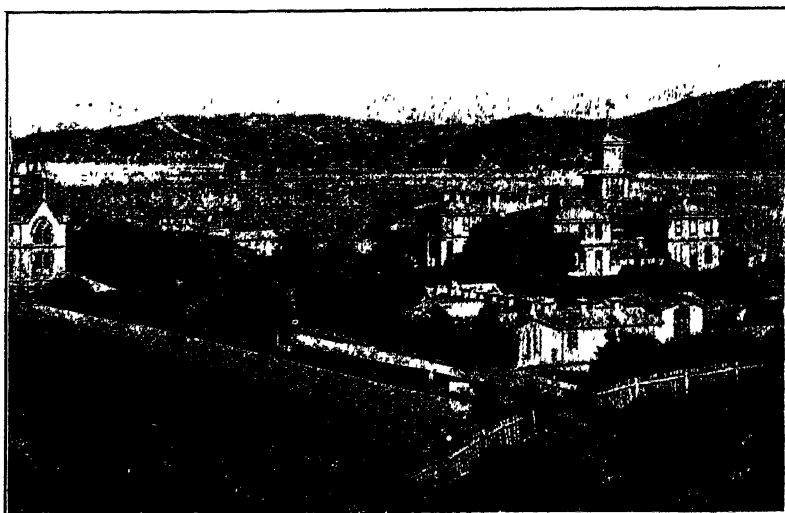
By a later law (1893) this method of providing for old age was changed to a sort of compulsory insurance. The Act directed that every officer thereafter appointed should take out an Insurance Policy for the payment of a reasonable annuity from the age of 60 until death, and for the payment of a lump sum in case of death before 60. The age of retirement was fixed at 60, unless the Governor required the officer to continue in service and he were able to do so. Officers appointed before the Act might elect to come under its provisions or might continue to lay up money with the Public Trustee under the law of 1886, a course which was open to civil servants without reference to date of appointment who had attained an age which would render it inexpedient or impossible for them to obtain insurance.

The Policies taken out under this Act are not assignable or subject to mortgage or any other charge, or attachable, or liable to execution.

If any officer appointed after 1886 becomes permanently incapacitated without fault on his part, he is to have a sum equal to one month's salary for each year of his service.

The annual deductions for insurance amount to \$25 on a salary of \$1,000, up to \$200 on a salary over \$4,000.

A modified plan of providing for old age and incapacity in the case of Government Railway employees, has just been enacted, October 3, 1902, and will be described hereafter.



THE GOVERNMENT BUILDINGS, WELLINGTON.

*The "Government Building," a little to the right of the center, is said to be the largest wooden building in the Southern Hemisphere. It covers two acres; is four stories high; and contains the offices of 150 to 200 Government officials. It is the heart of the civil service.*

*One corner of the Parliament Buildings appears on the left of the picture.*

## CHAPTER 31.

### THE NON-POLITICAL RAILWAY COMMISSION.

Up to 1887 the State Railways were managed as part of the Public Works system under control of the Minister of that Department. In that year Parliament gave the railways for a term of years into the absolute control of an independent Commission. The Government wanted money and it was thought that the roads could more easily be made to yield a profit under a management not responsible to the people or their representatives than under a Minister responsible to the House. There was dissatisfaction with rates and service, as there is likely to be under any management till transportation rests on a co-operative basis, or the charges and burdens due to distance are distributed according to the principles of national taxation and the fair diffusion of natural burdens and advantages. This dissatisfaction was utilized by the Atkinson Cabinet to accomplish its financial purpose of commercializing the railways by transferring them to an absolute Commission. The change did not prove satisfactory to the people; there was vastly more complaint under the Commission than there had been under direct Government management; and in 1894 the Commission was abolished and direct management was resumed.

This is the gist of the situation, but further light is thrown upon it by the following paragraphs:

#### ORGANIZATION AND POWERS OF THE BOARD.

The Railway Commission of 1887 was a Non-Political Board consisting of 3 Commissioners appointed by the Governor for a 5-year term and not removable during good behavior. The railways and their lands were vested absolutely in the Commissioners in fee. The railway telegraphs

were theirs also. They must have no other employment nor any interest in any contract made by the Board. Contracts above \$100 must be put up to public tender. The Board had power to appoint and remove all employees, fix salaries, wages, etc., and had control of the men under civil service rules,<sup>1</sup> that were very good considering they were made 15 years ago by a Conservative Government.

#### THE REASONS GIVEN.

At the time this change in the railway management was made, Major Atkinson, *the great financier* and leader of the Conservative Party, was Premier, and the whole Cabinet and Parliament were in control of the Conservatives. The reasons given for the move by the Government and the friends of the Bill were: (1) That considerable dissatisfaction existed with regard to rates, inconsistencies in the tariff, red tape, inflexibility, etc.; (2) That some difficulty was experienced in securing due efficiency because of political pressure; (3) That Ministers were continually changing and had no time to familiarize themselves with railway management; (4) That the railways were not paying full interest; and (5) That *Victoria had adopted the non-political board several years before and the plan had resulted in making the railways pay*, and in abolishing political abuses which, altho they did not exist in New Zealand, might arise in the future if the Ministerial system were continued, and prevention was better than cure. The first, third and fourth, and the italicized part of the fifth, were the reasons stated by the Government.

Those who opposed the measure said that the management

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<sup>1</sup>Dismissals were at the pleasure of the commissioners, and the head of any branch of the service could also, in case of misconduct, suspend or fine the man or reduce him in rank, subject to the right of appeal to the Commission. Appointments and promotions were regulated. All appointments must be to the lowest grade for 12 months on probation. If the appointee proved fit by report of the head of the branch and by other evidence, he was confirmed by the Commission. The Board made rules as to classification, examinations, tests, etc., and the competition of lower-grade employees for higher positions, but anyone of special fitness could be appointed without examination on certifying to the Governor that there was no one in the railway service qualified for the place and obtaining the Governor's assent to the appointment. In respect to promotions, the law provided that vacancies "must be filled if possible by promotion of some officer next in rank to the vacant office, and no such officer shall be passed over unless the head of his branch so advises the Commission in writing. No officer shall be passed over without being allowed to show cause, in the prescribed manner, to the Commissioners, whose decision shall be final."



SIR HARRY ATKINSON, C. M. G.

*Premier, Leader of Conservative Party and Foremost Financier  
for 15 years (1874-1890).*

of the State railways had been thoroly honest and on the whole efficient; that no political abuses existed, the civil service rules in fact placing the Government railways of New Zealand already on as high a plane as the Victorian roads were put by the law establishing the non-political board; that dissatisfaction with rates and service existed in England and America and other countries under both private and public systems, and would exist under any system; that the Minister need not and did not manage the roads directly—that was the work of the permanent expert General Manager and his staff, subject to the order and control of the Government to keep the roads true to the public interest; that even if your management of your own property was not in all respects perfect, it were better to keep control of it and employ experts to help you manage it, than to put it out of your hands into the control of a board that might use the property in ways you would not approve; that the main aim should not be to make the railways pay in pounds and shillings, but to make them useful to the people; and that there was danger that the Commissioners would be too much influenced by the commercial spirit and the desire to make the railways yield a good money profit and show a balance sheet pleasing to the taxpayers.

#### THE ACTUAL FACTS AND MOTIVES.

The evidence from other sources appears to sustain the combined statements of the Government and its opponents that the change was not called for by any political or other abuses in the management. Red tape there was, and inconsistencies and errors of judgment of course existed, but no dishonesty, corruption, or abuse of patronage or power. Members of Parliament frequently called the management to account about small matters concerning contracts, service, employees, etc., which was perfectly right, and, until the establishment of Appeal Boards and Arbitration Courts, inevitable.

The real motives of the Atkinson Government in pushing the measure through appear to have been: first, profit, and second, release from unpleasant responsibility. Major Atkinson was before all else a reorganizer of finance. Again and again he built up the State revenues to achieve a surplus instead of a deficit. This was his main effort when in power. The Victorian roads

had been made to pay well by putting them under a non-responsible board, and the same policy might bring the Treasury a profit from the railways of New Zealand. A Minister would find it much harder to reduce wages and cut down expenses than a board of trustees in absolute control. Moreover it was disagreeable and sometimes really embarrassing for the ministry of the day to be held responsible by the people for all the faults they might find with the railway system.

This could be remedied by establishing Appeal Boards and Traffic Boards to settle questions of detail under broad rules and general provisions, but the policy of the roads could not be made commercial in that way, while the non-political Commission would accomplish both purposes at once, and so it was urged by the Government and passed by a vote of 56 to 18—Grey, Vogel, Seddon, McKenzie and other leading Progressives voting against it and predicting serious trouble from it.

#### PUBLIC OPINION.

Public opinion was with the Government. The people were dissatisfied and welcomed the new plan, hoping it would afford the rates and facilities and release from red tape they desired. They would probably have welcomed any change except a sale or lease or transfer of the roads to private management. From end to end of the history of New Zealand the overwhelming sentiment in Parliament and out has been steadfastly fixed on public ownership and operation of the railways,<sup>2</sup>—the only question has been as to form and method,—whether the Parliament or Board of Directors elected by the stockholders of the roads (the people) should retain the full control, or little, or none. The experiment now entered upon was an entire divorce for a term of years between the Parliament and the railway management. As we have said, the separation was not a success,—the parties had the decree annulled, and came together again.

#### THE DEBATES.

The debates in Parliament on the Railway Commission Bill were among the most interesting and instructive in the history

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<sup>2</sup> The same sentiment exists in Australia. Walker says: "Throughout Australasia all parties in the several Parliaments are agreed on the principle of state ownership of railways."



of that charming body, and we have thought it well to append a series of abstracts from it for those who wish to go more deeply into the subject. There is some "twaddle" in the argument here and there, and much reiteration; but the insistence on service instead of profit as the true object of a national railway system, the accumulated testimony from both sides of the House as to the purity and efficiency of Government management of the railways in New Zealand, the desire for the zone system and anticipation of free transportation, and the accurate predictions of Samuel, Grey and Seddon, as to the effect of the Commission method, are very interesting and instructive.

In the House, December 1, 1887, the *Hon. Edwin Mitchelson*, Minister of Public Works, said: "In moving the second reading of the bill, I shall endeavor to show the honorable members the reasons that have decided the Government upon asking the House to hand over the control of our railways to a non-political board. Dissatisfaction has grown so that the public from one end of the country to the other is clamoring for a change. In Auckland many want to try the Vaile (zone) system. There are continual applications from various parts of the Colony for conveniences, extra accommodations, etc., also complaints of inconsistencies, and anomalies in our scale of charges, and repeated applications for reductions. . . .

"If a minister could be appointed for a definite period, I should say maintain the present system; but when we have responsible government and ministers come and go at the will of the House or of the people, it is a matter of impossibility for any minister, no matter how clever, to grasp the position, or make himself thoroly acquainted with the intricacies of railway management, which requires years of careful study to master.

"I have nothing whatever to complain of as to the officers of the Department, for I have received from them every facility, and the greatest support from Mr. Hannay, who has, in the General Manager's absence, managed our railways in a most efficient and praiseworthy manner. . . . Mr. Maxwell, the General Manager, is very able and efficient, but unfortunate in having to offend a very large section of the public,—in endeavoring to do his duty to the country he had to refuse facilities and conveniences which had he conceded them would have made him intensely popular. . . . The system now proposed has been in vogue in Victoria for 4 years and has been so successful that New South Wales has formed a bill on similar lines (adopted in 1888)."

*Richardson*, past Minister of Public Works, approved the bill, and had himself prepared three bills on the subject, not because of bad management of the railways,—“the officers of our Railway Department generally have shown capabilities of a very high order,—the dissatisfaction in New Zealand is not a tithe of what it has been in Victoria

and New South Wales, and the dissatisfaction in these colonies is not nearly so much as the dissatisfaction that has existed in connection with the railway management in Great Britain and several European countries. . . .

"The difficulty in our railway management has been the interference of political pressure as to the question of rates,—some members think the railways should not be expected to return interest on the investment, while others think the roads should be worked on commercial principles. . . . The reason the railways of Victoria were handed over to a Board was the enormous political influence brought to bear for securing employment on the railways for friends of members of Parliament,—too many employees, efficiency interfered with,—that was the real reason, and the same sort of thing has gone on in New South Wales. Since 1880, at any rate, none of those abuses with reference to the appointment of officers have taken place in New Zealand. The system of classification, adopted in 1880, on our railways has been carried out fairly, and improper appointments have not been made as the result of political pressure. It is almost impossible that they should be made. The fact is that you have now and have had for years in force on the railways of the Colony precisely the same system that has been adopted in Victoria so far as that part of the management of the railways is concerned."

*Cowan* supported the bill. "Dissatisfaction has come, not from management, but from the fact that Parliament looks to the railways to produce revenue. . . . It is a potent fact that the management of the Victorian railways under a Board like this has been productive of an immense success. . . . The zone system should be applied to put the man 100 miles from port in the same position as the man 10 miles away."

*Buchanan* supported the bill. "Many mistakes have been made in the location of lines and gradients. . . . It is true no such abuses as to political pressure for employment exist in New Zealand as in Victoria and New South Wales, but I cannot admit that no abuses exist" (tho no charges are adduced).

*Whyte* for the bill. "The late Minister for Public Works has told us how bad the Victorian system had grown and what an engine of corruption and mismanagement it was. I am glad to say that so far that has not been the case here, but prevention is better than cure. In my district the belief in the zone system amounts to a religion. . . . Encouragement of production and settlement should be the object rather than revenue, and that policy should be laid down in the bill to guide the Commission. . . . The past management was told to make the railways pay, but subjected to very unequal political pressure to reduce rates. Accusations of unfairness because of reductions in other districts,—the same reductions insisted on all over the Colony, and great loss of revenue."

*Samuel* against the bill. At no distant day we shall be hearing complaints about this Board, from one end of the Colony to the

other, and we shall be doing our best to do away with it. Railways are necessary more for encouraging settlement and promoting production than for supplying revenue, and I venture to say that no non-political Board would sufficiently recognize that fact. To show as good a return as possible, the Board will make everything subservient to getting revenue, which will mean the sacrificing of the best interests of the Colony."

*Peacock.* "We must take care not to jump out of the frying pan into the fire. . . . The House would still have to deal with the construction of new lines, so that the question of political railways would not be eliminated . . . Our trouble is inflexible rules, too little elasticity."

*Fish* against the bill. "No abuse or difficulty exists, nor any dissatisfaction so general or so strong as to justify the measure. . . . It is said people are clamoring for a change, but there will be still more dissatisfaction under the Board. . . . If the Minister is not strong-minded enough to manage the roads properly that is no argument for a change of system. It is an argument for getting a better and stronger man as Minister—if the Government of the day were to have an efficient manager of railways under a political head, I see no difficulty in the Government's carrying on the railways satisfactorily. . . . Ministers do not need to be long in office, for in any case they must rely on the manager of the railways. . . . If the manager had been paid £1,500 (\$7,500) a year, and you had got a man worth that money, we should have heard very little grumbling with regard to the railways. . . . Parliament should be extremely jealous as to giving up the right of criticising freely the management of the railways. . . . The indirect advantages to the Colony through opening up the country, and cheap transit for passengers and goods, are a profit to the Colony in themselves and the getting of interest should not be made the main principle of working the railways."

*Russell.* "Not much chance of dividends anyway. We are over-rail-roaded,—299 miles of working railway to each 100,000 people, while in the United States, which comes next, there are but 270 miles to 100,000 of population, and then we drop to the United Kingdom with 52 miles to 100,000 inhabitants, and in all the continental countries there is still less . . . As to complaints of our rates, our charges are lower than in any of the Australian colonies on almost all classes of freight and fares."

*Sir Julius Vogel* said that in times past he had been favorable to a non-political board, but was now opposed to it. "The dissatisfaction is not of a character the board will remove, but is of an entirely opposite character arising from rules that are too cast iron. The Department does not exercise sufficient discretion as to the different treatment needed by different parts of the Colony. . . . Obviously there is a very great advantage in divesting the Government of political control over the railways, removing from this House the duty of voting the salaries of railway employees, and removing the railways

from the possibility of being used by the Government for political patronage. But there are hundreds of owners of property who are not wise in the management of it, but who nevertheless would rather manage it themselves than put the management of their own property in the hands of trustees . . . It is a mistake to change the railway policy to a commercial policy. The railways were not built for a commercial concern, but for colonizing purposes . . . The railway system of Victoria has become more remunerative, but it has not become more popular, it is less popular than it was."

*Sir John Hall* said political pressure as to treatment of employees, rates and concessions, reasonable and unreasonable, had been sufficient to interfere with the discipline of the department. In districts having a large number of railway employees, they exercise a considerable influence against a member hostile to their interests (as the railway owners do in some other countries).

*Dr. Hodgkinson* proposed to sell the railways,—interest on the debt he thought was too much of a burden—but he knew the proposal would not be well received. Two other members also wanted the railways sold. One of them complained that machinery could be taken from Wellington to Pitone more cheaply by wagon than by railway, and that a person in Upper Hutt wishing to go to Masterton could save 9 shillings by 28 miles' unnecessary travel,—coming 14 miles to Wellington and then going back 14 miles past his own door, instead of buying his ticket direct.

*J. S. MacKenzie* was against the bill. "I think the railways are now and have for some years past been very well managed indeed. Yet there is dissatisfaction—the trouble is that railway construction has outrun population. . . . We have heard a great deal about political pressure, but it is a mistake to suppose that such pressure is always exerted in the wrong direction. Political pressure exercised on successive governments has in the main done good. Political pressure to procure the construction of railways may be very bad, but political pressure by members of the House as to fares, freights and other things concerning the management has generally been exerted in the right direction. (Political pressure is not bad per se—if open and manly and for a good purpose it is O. K.) If because political pressure has been brought to bear in the management of a huge department it is necessary to transfer it to a board, you have only to extend the argument to prove that the whole management of the country should be removed from the Government.

*Stuart-Menteath* said the railway department was paying too much for engines,—because some large firm has an influence with the Government the railways give £1,400 or £1,500 for engines instead of £1,000. We are paying £140 per every £100 worth of locomotive material.

*Levesham* said the statements of Stuart-Menteath were incorrect in every particular. New Zealand locomotives were as good or better than those made in England and cost only 27 per cent more than if

imported (not 40 per cent), and the reason for that was the price of material had fallen since the locomotives were contracted for. . . . There should be boards to investigate grievances—that would stop questions in the House about employees.

*Bruce* said much of the dissatisfaction was unreasonable, but there was enough to show the roads were not managed as they should be. The fault was with the system. There would be more economy with a board. Government administration as a rule was expensive and inefficient when carried on under high political pressure. The day will come when the railways will be thrown open to the public just as the highways are.

*Fergus.* "Victorian roads made 4 per cent in 1881, 3 per cent in 1883, 2 per cent in 1884, 4 per cent in 1885 and 4.18 per cent in 1886. They are worked now to a considerable extent, tho not entirely, free from political control, and that is a great improvement on former conditions. . . . It is impossible for the Government or the managers of the railways to discharge a drunken or incapable workman without his finding some honorable member to assert his claim, move the adjournment of the House and bring the matter up as one of colonial importance." (This is an exaggeration, but the House did go into railway details more than was wise for so large a board of directors, with so many other properties and duties to attend to. It was right to see that every employee had full justice done him, but questions of dismissal should have been dealt with by special tribunals or Appeal Boards, as is now the case.)

*Duncan.* "If you want to make the railways pay, there is no need to appoint a Board to raise the rates. What you want to do is to settle the land through which the railways run."

*Sir George Grey* said: "The past management of the railways has been good. Accidents have been surprisingly few. And the attention of the public servants employed on the railways is very remarkable indeed. I am acquainted with railways in many parts of the world and I have seen no railways with a more respectable class of officers than the railways of New Zealand. If I am told that the railways do not sufficiently pay, my answer is: 'The real question is, in what manner can the railways be made most serviceable in promoting the prosperity of the country?' It is an entire mistake to say we must look only to profits from the railways. Our real duty is to render them serviceable to the whole community. I am quite satisfied that if we cease to hold the railways ourselves, in any manner whatever, we should lose the control which is requisite to secure the prosperity of the entire community. If we were to lose control of our railways we should injure the whole population of New Zealand. If we were to sell them we should deal as great a blow at the future prosperity of New Zealand as it would be possible for our greatest enemies to achieve, and I think by taking them out of the hands of Parliament we should achieve the same object. The railways belong to the whole people of New Zealand. We form one great



WAIKARE MOANA, VIEW FROM TE URE-O-PATAE ISLAND.

company for that purpose. What I long to see, tho of course I shall not live to see it, is the time when the railways will be worked at almost no charge whatever. It is incalculable how this would add to the wealth of New Zealand."

*Atkinson*, Premier, said there would be no difficulty about construction, as the Board was not to construct railways unless the work were specially handed over to them by order in Council

*Taylor* and *Levesham* asked protection for workmen through a provision that the Commissioners should have no power to reduce the rate of wages except with the consent of Parliament.

*Atkinson*. "I do not see my way to bring down such a clause as that."

*Seddon* protested that a measure dealing with £15,000,000 (\$75,000,000) worth of property should not be forced through Committee at a quarter past five in the morning when there were only 27 members present (out of 95). "I am afraid the passing of this bill means the reduction of the wages of the employees on our railways, which will react on the wages of other workers, and that it also means a raise in the tariff on farmers. The management of our railways has been commendable, taking all the circumstances into consideration. The public will suffer by the change. The Reform League of Auckland has protested. The bill is a serious blow to the progress of the Colony."\*

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\*This debate will be found in the New Zealand Hansard, Vol 59, pp. 238-278, 655-664, 902.



## CHAPTER 32.

### SUFFRAGE AND REPRESENTATION.

The qualifications for voting stated in the Constitution Act of 1853, related to age, sex, residence, property, nationality and character, and they were all necessary—if a person lacked any one of the six he could not vote either for Representatives or Provincial Councilmen, the conditions being the same in both cases. The voter must be a male, 21 years old, resident 6 months in the district, with a property qualification (either freehold, leasehold or household, of specified dignity), and not an alien or a criminal of high degree. He might be an idiot or any other kind of fool so far as appears by the Constitution, but he must not lack masculinity nor be very poor.

In local elections a system of what we may call multiple suffrage or polygamous voting was developed whereby a man might have two, three, four or even five votes, according to the amount of property on which he paid taxes. And even in national elections it became possible for a rich man to vote in several different places in the same election.

Four of the eight elemental principles indicated above have been demolished. It is no longer necessary for the person who wishes to have the franchise to be born a man or even a masculine,<sup>1</sup> nor to obtain a property qualification, and he cannot have more than one vote in an election no matter how much property he has, but he must have a sound mind, or rather his mind must not be so far unsound as to have subjected him to a conviction of unsoundness. The steps by which the franchise has been extended and democratized are of the deepest interest.

#### RESIDENCE MADE SUFFICIENT WITHOUT PROPERTY.

The first step in the extension of the suffrage was to decree

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<sup>1</sup>See the Electoral Act of 1893, described hereafter.



that no property qualification should be essential to a vote in the election of Representatives. This was accomplished by making residence a sufficient qualification without property, the requisite age, sex, nationality, and character being present of course. The act was passed in 1879 and provided that either residence or property should entitle a man to vote for Representative.<sup>2</sup> The intention of this law was simply to extend the suffrage to those who had a residence but no property qualification, but it made the mistake of retaining the property test as an *independent* qualification *without restriction*.

#### ONE-MAN-ONE-VOTE.

To make residence a sufficient qualification without a property attachment was all right, but the retention of the property qualification as an independent alternative without limitation, left a man free to register and vote in several different districts or electorates. He could vote in one place as a resident, and in other places as a property holder. An enterprising citizen willing to travel a little on election day, could vote in as many districts as he had property of the value required for registration. A rich man with wings could have voted all over the commonwealth. Nasby used to say that he voted only 4 times for "Mick Lellan;" he didn't approve of the nomination. A New Zealand politician could have done better than that without violation of law. The multiple registration that took place under this condition of things and the practise of allowing a rich man several votes, awakened an earnest sentiment against plutocracy in the ballot, which led to the enactment in 1889 of the one-man-one-vote principle as a part of the national election laws.

Thus equal manhood suffrage was established and another of the great principles for which Grey had contended was carried into effect under a Conservative government.

#### THE DEBATES ON REPRESENTATION BILLS, 1889

The amendment abolishing plural voting was adopted on motion of *Sir George Grey* during one of the hottest fights that has ever occurred in the New Zealand Parliament. The Atkinson Govern-

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<sup>2</sup> The residence qualification was not made sufficient in municipal elections till 1898. See *infra*.

ment first brought in a scheme for proportional representation which provided for only one vote to one man and gave one man's vote the same weight as another's, and the Ministry pushed the bill till it gained considerable support, when they withdrew it and told their own supporters that if it went to a division the Government would vote against its own measure.

In place of the proportional bill, the Government substituted a representation act reducing the number of representatives (excluding Maoris) from 91 to 70 and subtracting 25 per cent from the city population in estimating the representation to which they should be entitled. Under this arrangement 75 people in the country would be equal to 100 in the city—an advantage of  $33\frac{1}{3}$  per cent. for the country districts. This bill created a perfect furore in Parliament and throughout the Colony, and resulted in one of the most memorable "stonewalls" that ever took place in the House. It lasted three weeks, the city members fighting steadfastly against the encroachments of the country members, who represented in large degree (under the plural voting then in vogue) the big landholders of the rural districts.

*Premier Atkinson*, in replying to attacks upon his course, said he believed in the Hare system of proportional representation; it was a great principle and would be in force in New Zealand within a lifetime, but it could not be carried at this session and the Government had only introduced the bill to get it debated.

As to the reduction of city electoral power, the Premier said: "The town voter has enormous advantages in the press of the cities, in the readiness with which constituents can get at their representatives and representatives get at them. Country voters, unable to combine and express their opinions in concert, are at a great disadvantage. They cannot make themselves felt in Parliament and so should have additional representatives."

*Sir George Grey* said: "It means the putting of the top stone on a system of representation which takes, or will take, from the inhabitants of New Zealand a very large part of their voting power, and will place them in the hands of those great landlords who occupy the vast estates of this country. It was proposed to introduce the Hare system, under which there would have been one vote for one man. Great delight filled the minds of many. Honorable gentlemen know how long we have striven to put an end to this plurality of votes, how often we have nearly gained our object, how frequently we have been disappointed, and have found that owing to gentlemen being able to exercise 6 or 7 or perhaps 8 votes in the same election, *i. e.*, to vote in a number of different polling places—they have been able to turn the scales in a vast number of elections throughout the country. We thought that the Premier at last, in the plenitude of his power, had determined to strike these fetters from us. . . .

But there is no clause of one-man-one-vote in this bill. The system is to be founded on the electoral system of boroughs and municipalities. All members know the numbers (of votes) given in municipalities (1 to 5 votes according to property), but within the counties one man may have 45 votes as against the single vote of the vast majority of the people of the place. There may be several such men. The great estates, with a magnitude unknown in any country but New Zealand,"<sup>4</sup> must rule under such a system.

*Ballance* said it was a mistake to reduce the members from 91 to 70. Enlarging the districts and increasing the expense of candidates would tend to prevent poor men getting into the House, and limit effective candidacy to men of means. "The Premier argued that in the small boroughs there is not the same power of organization or the same amount of political life as in the large cities. There he is mistaken. We have more intense political life and more hotly-contested elections in the small boroughs, and there is a very keen interest also in the rural districts."<sup>5</sup>

#### THE ACT OF 1889.

The Representation Act of 1889 as finally passed provided that no one should vote in more than one electorate,<sup>6</sup> and that in computing population for the election of the white representatives, 28 per cent should be added to the population outside of any city, borough or town district having over 2,000 population. The total population of the Colony (other than Maoris), with the addition just stated, having been ascertained, was to be divided by the number of members (70)<sup>7</sup> and the quotient formed the quota. The four city districts (which have 3 members each) are so defined as to have substantially

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<sup>4</sup> N. Z. Hansard, Vol. 64, pp. 631-632.

<sup>5</sup> N. Z. Hansard, Vol. 64, pp. 643-646.

<sup>6</sup> Altho the Atkinson Government had put the one-man-one-vote principle in one of the bills they had introduced, they left it out of the Representation Act they really intended to pass, and the new principle was carried by Grey and Ballance with their Liberal followers and a number of liberal-minded Conservatives. Reeves says: "The Opposition of 1889-1890 (*i. e.*, the Liberals) had always supported Sir George Grey in his efforts to widen the franchise, efforts which in 1889 were finally crowned by the gain of one-man-one-vote." ("Long White Cloud," p. 369. See section dealing with the electoral laws of 1893.)

<sup>7</sup> Premier Atkinson carried the reduction of white representatives from 91 to 70. As usual, his purpose was financial. The "reduction of members was carried in order to reduce the cost of Parliament." "To save the allowances and traveling expenses of 21 members." (See N. Z. Hansard, Vol. 120, p. 245, near middle of first column; and p. 336 of Gisborne's New Zealand.) By the act of 1900, taking effect at the elections this year, 1902, the number of white representatives is increased to 76, which, with 4 Maori representatives, makes a total of 80 in the House.

3 times the quota, and the 58 country districts are so arranged that each has a population, which, with 28 per cent added, will substantially equal the quota.<sup>8</sup>

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<sup>8</sup> This advantage was first granted the country districts prior to 1887. In that year the concession was reduced to 18 per cent; in 1889 it was made 28 per cent. In 1900 Mr. Ell introduced a proposal to reduce the concession from 28 per cent to 15 per cent, but, after discussion of the matter, he himself concluded "there was more in the arguments for 28 per cent than he had realized," the country members being entitled to a substantial concession on account of the scattered population of the rural districts, and the concession remains 28 per cent. (N. Z. Hansard, Vol. 117, p. 107; Year Book, 1902, p. 319.)



## CHAPTER 33.

### DIRECT NOMINATIONS.

#### A STRONG ADDITION TO THE ALPHABETIC BALLOT.

In earlier years as we have seen, nominations even for Representatives were made and seconded vocally at an assembly of the voters of the district. But since the Act of September, 1890, Representatives are nominated by petition in writing, signed by two or more voters of the district and transmitted with the candidate's assent and a \$50 deposit to the Returning Officer, who immediately publishes the names of the candidates. Each candidate must be nominated on a separate paper, which must be transmitted to the Returning Officer at least 7 days before the polling day. The candidate may send his assent to the Returning Officer by mail or telegraph, or affix it to the nomination paper. The deposit of \$50 that must accompany the nomination petition is held till after the election, and if the nominee does not get one-tenth as many votes as the lowest successful candidate the money is forfeited to the public treasury.<sup>1</sup> This shuts out frivolous and trifling nominations.

The nominations are in the simple form: "We, the undersigned electors for the Electoral district of \_\_\_\_\_, do hereby nominate R. J. S., of \_\_\_\_\_ (residence and occupation) \_\_\_\_\_, with his consent, as a candidate at the election of \_\_\_\_\_ member of the House of Representatives for the aforesaid electoral district."

If no more candidates are nominated in the district than there are places to be filled, the nominations are regarded as satisfactory all round and the candidates are declared elected without a ballot. This saves the trouble and expense of a poll where the people are united. In the general election of 1899 there were three districts out of 62 in which there were no

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<sup>1</sup> Electoral Act, September 3, 1890. Provisions repeated in the Electoral Act of 1893; and again in the consolidation act of 1902.

competing nominations, and R. J. Seddon, J. McKenzie and W. R. Russell were declared elected without a vote, each being the only nominee in his district. If more candidates are nominated than the number of representatives to be chosen by the district, a ballot follows.

#### HEARING AND QUESTIONING CANDIDATES.

The nominations are usually made some time before the voting day, and the candidates go about the district and meet and address the electors in all parts of it. No candidate would stand any chance of election who failed to give the people he wished to represent an opportunity to get acquainted with him and ask him questions about his attitude on issues likely to come before the next Parliament. By the time election day arrives every voter has had a chance of hearing the opinions of all the candidates on all questions of public interest involved in the election; and has had an opportunity of asking in public meeting any question he likes, and of judging the ability, honesty, motives, and general character of the candidates by their answers.

The voters use these privileges with earnestness, endeavoring to select the best man to represent their district, carry out their principles and guard their interests.

#### NO BOSS OR MACHINE, CAUCUS OR CONVENTION, PARTY FUND OR PARTY BALLOT.

There is no boss or party machine to nominate and push the election of men who will act as tools of the combine. It is a rare thing for any one from outside the district to interfere, by an address or otherwise, between the candidates and the people, and then only in the case of some large and burning issue. There is no organized party, except in Parliament. There are no spoils of office and no party funds. The voters investigate and discuss men and issues on their merits, and when they go to vote each one is given a ballot which is simply a list of the candidates in alphabetical order without description or comment to indicate that they belong to any party<sup>2</sup> or pos-

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<sup>2</sup>In Massachusetts and California the candidates for each office are arranged alphabetically, but the party is designated. In Denver's new hom

sess any particular views, and the voter strikes out the names of all the candidates he does not wish to vote for, leaving only one name on the paper, except in the four city electorates which have three members each and every elector may vote for three candidates.

It is impossible to overrate the importance of this system of direct nominations and non-partisan elections. It enables New Zealand to put her best men in Parliament. There is no complaint that men of high character stand aloof from politics because its odor is not good, or that such men cannot be elected because they are unwilling to be the tools of the machine. The Parliaments of New Zealand are made up of men who may fairly be deemed to represent the best characteristics of the people. In local government direct nominations prevail in America wherever the New England town meeting is in vogue, but in state elections our people have long since lost the privilege of direct action,<sup>3</sup> and the caucuses and conventions that have taken its place have proved to be excellent inventions for preventing the free choice of candidates by the people and securing the mastery to party leaders and bosses who know how to fix the slates.

#### VOTING BY MAIL.

Seamen, sheep shearers and commercial travelers registered in any district may get an "Elector's Right" or certificate of registration from the registrar, and can then vote from any part of the Colony by letter.

A commercial traveler, for example, applies to the Postmaster at any post-office, presents his certificate and gets a ballot paper filled up by the Postmaster with the names of the candidates in the applicant's district. The postal voter then marks the ballot and mails it. The Postmaster notes on the voter's certificate the fact of the exercise of his franchise, and each day from the issue of the writ to the closing of the poll the Postmaster telegraphs to the various districts how many ballots have been asked for and the numbers of the Voting

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made charter, the adoption of which is to be voted on by the people Sept. 22, 1903, it is provided that ballots in city elections shall be simple alphabetic lists of the candidates, without party designation.

<sup>3</sup>A revival of direct action is taking place under the recent primary election laws of a few States.

Rights used. Seamen apply to the Collector of Customs at any port of the Colony and go through similar motions.\* This saves the ballot to many who might otherwise frequently lose it, because their business calls them much from home.

Efforts in later years to extend the postal voting system to large classes of voters in connection with woman suffrage, the referendum movement, etc., have failed through fear of the consequences of any large break in the safeguards of the ballot system.

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\* See Electoral Act 1890, seamen The Electoral Act 1893, commercial travelers, No 54 of the same year, shearers, and No. 49, 1896, sheep musters.

By No. 1,701 of the Acts of Victoria for 1900 *anyone* who resides 5 miles or more from the nearest polling booth, or who has reason to believe he will be 5 miles away from it on voting day, may apply for a postal ballot and vote by mail. New South Wales also has voting by post.

Such a plan in our own country would not only be of benefit to commercial travelers and seamen and workmen away from home, but would save the exodus from Washington due to office holders going to their various states to vote.





## CHAPTER 34.

### MONOPOLY, FALLING PRICES, HARD TIMES.

Bargaining with natives, cheap land regulations and the failure to adopt and maintain the vital elements of the land proposals of Vogel, Grey, and Ballance, gave the speculators and monopolists ample opportunities to corner the soil, and they improved their chances with a vigor that made the land situation in New Zealand more severe than it has ever been in Europe or America. By 1890 the concentration of land ownership had reached an astonishing pass. More than 80 per cent of the people had no land—only 14 per cent of the white population were landholders,<sup>1</sup> and less than 3 per cent of the land holders or  $\frac{1}{3}$  of 1 per cent of the people, owned over half of the areas and values in the hands of the people, while a little more than 1 per cent of the landowners possessed 40 per cent of the realty values. Six companies having estates of 150,000 acres or more each, held 1,321,000 acres of real property worth \$13,000,000.

Nearly  $\frac{4}{5}$  of the land possessed by white holders was in the hands of monopolists and speculators—12,000,000 acres in big pastoral leases and 10,500,000 acres out of the 19,500,000 that had been alienated.<sup>2</sup> More than 7,000,000 acres of freehold and 3,500,000 of leasehold, including much of the best land in the Colony, were held by 584 owners, none of whom possessed less than 5,000 acres, and whose average holding was about 12,000 acres of freehold and 5,800 acres of leasehold, or a total of 17,800 acres apiece.<sup>3</sup> This was exclusive of

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<sup>1</sup> Only 7 per cent of the people had 1 acre or more each, and only 6 per cent owned 5 acres or more apiece.

<sup>2</sup> Census of April, 1891.

<sup>3</sup> The larger part of this aggregation of land in few hands was effected prior to 1878, the result of selling land cheaply, without limitation of holding or seeing to the use a man made of his purchase, or establishing any progressive tax or other preventive of monopoly. The concentration of land, however,

the great pastoral leases the right to the fee simple of which had not been parted with by the State. Of these big run holders, 13 had 165 runs covering 2,541,000 acres, with nearly 1,000,000 sheep, but very few human inhabitants. The conflict between the settlers and the big Crown tenants was no longer the hottest part of the agrarian controversy. The passing of vast areas of the more tempting and better-watered pastures into the hands of great freeholders had shifted the heart of the battle. The old antagonism was diverted to the freeholders, and well it might be, with 7,000,000 out of the 12,500,000 acres of freehold, locked up in the hands of the 584 monopolists above mentioned.

Taking all titles it is said that 1,615 land holders had 18,000,000 acres;<sup>4</sup> 107 persons owned land of the value of \$35,000,000, and 11 holders had land worth \$24,000,000. This in a nation of 626,000 people, with only \$450,000,000 of realty, land, buildings and improvements all told, was certainly an enormous concentration of landed wealth.<sup>5</sup>

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the moving more slowly in later years, was still in progress, and from 1887 to 1890 speculation and monopoly building were specially favored.

If we divide the census figures of 1891 into classes, treating the 584 holders mentioned in the text as Class 1, we find Class 2, consisting of 1,675 persons, possessed of 3,425,000 acres, in areas of 1,000 to 5,000 acres, two-thirds of it freehold, while the 41,518 persons of Class 3 had 5,568,000 acres, in areas from 1 to 1,000 acres, 36,305 of them being between 1 acre and 320 acres. Below all these was a large class (about 48,000) holding less than 1 acre each; and lower yet a still larger class having no land at all. The mass of the people had either no land or none worth speaking of; 7 per cent in Class 3 had an average of 78 acres each (60 per cent freehold); a quarter of 1 per cent in Class 2 had an average of 2,000 acres apiece; 584 holders had an average of 17,800 acres each, and 6 companies held an average of 220,000 acres each.

<sup>4</sup> Sir George Grey, in Parliament, 1891: 1,615 holders were in possession of 18,000,000 acres, while 100,000 people occupied less than 300,000 acres.—1,615 land holders, in a population of 626,000, held 18,000,000 acres out of 32,000,000 total in the hands of the people.

<sup>5</sup> The figures given by various authorities in respect to land congestion do not always tally with each other, but all the data enforce the conclusion that land monopoly had reached astounding proportions, and that is the important point.

The differences of detail the student will meet with in comparing the different sources of information arise in large part from the varying use of the words "owner," "holder," etc., and reference to different groups of holdings. Sometimes the pastoral licenses are included; sometimes only freeholds and leases other than pastoral; sometimes freeholds alone. Sometimes the data are taken from tables dealing only with holdings of 1 acre or more, or of 5 acres and more, etc., etc. For example, in 1891 the number of rural freeholds (those outside city and town districts), excluding holdings under 5 acres, was 38,935; the holdings, freehold and leasehold (excluding pasture leases), of 1 acre or more numbered 43,777, and the total number of owners, town and country holdings of all sizes, was 91,501. Besides this, there were something like 1,500 big pastoral runs, covering about 12,000,000 acres, and 450 small grazing runs, covering over 500,000 acres. The figures of occupation must also be distinguished from the figures of ownership and holdings.

Errors are sometimes made in copying and printing and in investigation.

*When prices are on the down grade, with taxation unduly burdening industry, monopoly and speculation holding the land from use, and the monopolists in the control of the Government, the fortunes of the common people fall like the water at Te Reinga. It is all right for water to fall, for that is its nature, and*



TE REINGA WATERFALL, NORTHERN END OF NORTH ISLAND

*it renders beneficent service to mankind thereby, but the fortunes of the people should rise and will rise where the people own the Government and fraternal cooperation in politics and industry is the order of the day. Water is good at any level, high or low; but politics are good only on a high level.*

Thousands of acres were kept in idleness, unimproved and held only for speculation, and other thousands were occupied by a few sheep, while multitudes of men were without homes or land on which to raise a subsistence. Would-be settlers, in search of homes and farms, would pass here a tract of 75,000 acres of the best land with a population of only 29 men, women and children; and there another tract of 250,000 acres of good land with only 65 people. There were already more farmers in New Zealand who were tenants than farmers who were free from the private landlord, and the majority of those who owned their lands were under the yoke of the mortgage—58 per cent of them were mortgaged so heavily that their interest was equivalent to a rack-rent. The tenants also were paying ruinous rates. Mr. McKenzie pointed to places in his own district where tenants were paying rents at the rate of 250 per cent on the price paid the government for the land. Such tenants in good seasons could just pull through; bad seasons meant ruin for them and the tradesmen and business people dependent on them.

For twenty years and more the land question was the matter of chief moment in the Colony's politics. Franchise extension, labor laws, liquor reform and finance have occupied front seats at times, but the land question has been the burning and persistent issue in Parliament since 1882, and the paramount subject of discussion among the people since Grey's campaign in 1876. Yet so powerful was the influence of the land monopolists that nothing substantial was accomplished till after the flood tide of Liberal Labor ballots had swept them practically out of politics.

Besides the land monopoly, a money ring, timber ring, shipping trust, and other combines, were developed in New Zealand, and in addition to all this, producers were crushed for many years beneath the growing pressure of falling prices. The almost continuous fall of prices in the world's markets

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Even the Government documents, from which most of our figures are taken, are not always in harmony. For example, the pastoral tenants do not return to the enumerators of the census or the Agricultural Department nearly so many acres as the number on which they pay rent to the Government, so that the tables based on these returns do not agree with those of the Land Department. Nevertheless, as a rule the reader who comes across two statements that do not seem to agree will find that each is substantially true in reference to the field the writer had in mind. There is no conflict on the main proposition of congested ownership of land, nor in respect to the 584 holders or the other most vital data in this line.

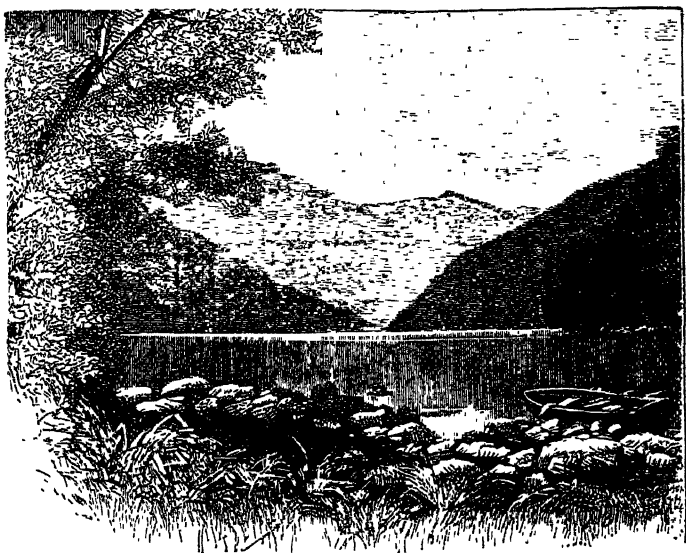
from 1870 to the middle of the last decade, sent wave after wave of depression throughout the civilized world, and tho New Zealand fared better than many countries, her people suffered much. The cultivators raised more and more produce, but they got less and less for it. Rent and interest stayed where they were, while prices fell, and the mortgaged farmer and the merchant doing business on borrowed capital could not meet their liabilities. Many were the failures and many the men thrown out of work. "The workingman able to get neither land nor work had to become a tramp. The roads were marched by sturdy men crowding in from the country to the cities. There were problems of strikes, unemployed in town and country, overcrowding, dear money, idle factories, stagnant markets and unjust taxation." The uncivilized Maoris who owned New Zealand before the white man came, held their lands in common and worked them for the common benefit, so that no one was ever in want; but civilization had put the land in the hands of monopolists, and left every man to look out for himself, so that many were landless and in want.<sup>6</sup>

The Hon. R. J. Seddon (now Premier) thus describes the condition to which things had come: "We had soup kitchens, shelter sheds, empty houses, men out of work, women and children wanting bread. This was how we found New Zealand in 1890. It was to be a country where the few were to be wealthy and the many were to be degraded and poverty stricken." There was plenty of idle land, abundance of idle capital and quantities of idle labor, but these three factors of production could not be brought together because of monopoly—monopoly of land, monopoly of capital, and monopoly of government by the land and moneyed interests—the greatest monopoly of all. The harder the times and the more the laborer needed work, the harder he found it was to get it; and the deeper grew the necessity of farmers, merchants and manufacturers for money, the more difficult it was to secure and the higher the rates of interest soared. When times were good and the farmer could easily meet his obligations, interest was low and prices high;

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<sup>6</sup> "The tribal territory was the property of all. Fishing, fowling and agriculture were the work of the community for the benefit of all. The tribes were organized and disciplined communes. No unit or family could starve or lack shelter; the humblest could count on the most open-handed hospitality from his fellows. The chief was not a despot, but the president of a council. The system in full working order developed the finest race of savages the world has seen." (Reeves, *New Zealand*, pp. 25, 26)

but in periods of distress when a little money was a matter of life and death, prices went down and interest went up in a balloon. And strangest fact of all, the common people held in their hands, the whole time, an easy remedy for all these ills, through the use of their powers of direct nomination and the ballot.



DUSKY BAY, SOUTHWEST COAST

## CHAPTER 35.

### THE POLITICAL REVOLUTION.

A NEW FORCE IN POLITICS. ORGANIZED LABOR AT THE  
BALLOT BOX.

FARMERS AND WORKINGMEN UNITING FOR THE ELECTION OF  
LIBERAL REPRESENTATIVES

AFTER DEFEAT OF THE WORKINGMEN IN A GREAT STRIKE.

CAPITAL WON THE STRIKE, BUT LOST THE ELECTION.

The year 1890 was the focal point of many powerful influences. *First:* The feeling that something was radically wrong, induced by the growth of monopoly and the experience of industrial depression in a young and vigorous colony, had been intensified to the bursting point of political action by the knowledge that the Colony had lost population—one of the greatest calamities that could befall it, for population is the life blood and the salvation of a small colony in a big country, especially where there is a large debt. From 1885 to 1890, twenty thousand people left New Zealand; that was the excess of departures over arrivals in that time. Depression aggravated by a large decrease of expenditure on public works, together with the accumulating difficulties that confronted a poor man seeking to build a home and support himself on the land, resulted in a large migration of the laboring classes. It was not a flitting of travelers to visit other lands and then return. It was a transportation or transplantation of homes. The pressure of land and money monopoly with falling prices and discouraged industry reached such a pass that the tide of population turned, going out instead of coming in. The unemployed problem rose to the overflow, and working people went overseas from a population of 600,000 in a land where 20 millions and more

could live in comfort under just conditions. A country, easily capable of sustaining more than thirty times the population it possessed, witnessed the astounding spectacle of an exodus of vigorous and industrious people because they could not get homes or work.

*Second:* Ideas of land nationalization, the rights of labor, government aid to the unemployed, abolition of private monopoly, political and industrial equalization, etc., had developed to the motor point in a people of high intelligence and boundless energy. The seeds sown by Vogel, Grey, Stout, and Ballance, had found good soil, and the crop was ready for harvest. Events year after year had emphasized and enforced the teachings of the Liberal leaders. Ballance's land-value tax had shown the farmers that exemption of improvements would be a great relief to all but the wealthy owners, and his settlement policy had shown what could be done in the way of placing idle labor on the land. Hundreds of workingmen living in soup kitchens and shelter sheds, while millions of acres of splendid land lay idle in the hands of monopolists, was not a sight to quiet the nerves. The working people made New Zealand rich, but the best lands were in the hands of absentees, and not merely absentees, but absentee corporations, who did not put a stroke of living work into the country and had bought their holdings for a song. A wave of socialistic and labor sentiment swept into the nation from Europe and America. Henry George made a lecture tour in Australia in the early months of 1890, and the air was full of the land-tax and the ringing claim that labor produces all wealth and therefore should have it all.

*Third:* The Trade Unions had developed as strong an organization as the circumstances of so new and rural a nation would permit. Years of patient labor had been devoted to the extension and solidification of the movement in Australia and New Zealand. The Unions contemplated both industrial and political action. The men were prepared to stand together for the rights of labor in conference and contest with capital, and at the ballot box.

*Fourth:* The utter rout of the labor forces in the great maritime strike of 1890 drove the Trade Unionists to the ballot, not merely with a keen desire to offset their defeat by political successes, but with a feeling that the ballot was the last resort



and the only sure reliance for a peaceful solution of their difficulties.

*Fifth:* John Ballance, the leader of the Liberal party in Parliament was a man of high character and vigorous mind, who had won the confidence of the farmers and workingmen. Ballance and his colleagues and followers had always been friendly to labor and had stood with George Grey in the effort to widen and equalize the franchise, and secure an equitable land policy. Here was a ready-made Party, therefore, with which the labor organizations could throw in their lot, with a reasonable certainty of fair treatment.

*Sixth:* The tax laws were very unjust to the small farmers and traders. Improvements were taxed, so that a farmer who cultivated and developed his estate had frequently to pay 4 and 5 times the tax that was levied on unimproved land. The monopolist holding land on speculation paid little. The farmer clearing, building, and planting paid much. This taxing of farm improvement was exceedingly unpopular amongst the smaller farmers. They felt bitterly that for every year's hard work improving their little properties their taxes were added to at the next assessment, while the speculator's tax remained the same. Manufacturers and merchants also found the tax unjust. It hit them as hard in bad years as in good. The man whose property brought him in nothing paid as much tax as the man whose property was remunerative, and the professional man paid nothing no matter how large his income. The unjust discriminations of the property-tax were thorns in the sides of multitudes of farmers and merchants and manufacturers. Feeling ran high against land monopoly, higher still against absentee ownership, and highest of all against the property-tax, while underneath, less noisy but hardly less vigorous than the land question and the tax, were the claims of labor, with an undercurrent of feeling that swept everything before it in the unions.

Add to all this the fact that the election of 1890 was the first election of Representatives under the combination of a practical manhood suffrage and the one-man-one-vote principle, with direct nominations and the alphabetic ballot, and you have a search light on the situation.

Such were some of the principal causes of the great success of the Liberals, with the aid of the Labor vote, in December,

1890: a success which placed the Government in the hands of the Representatives of the Common People, and amounted in fact to a Revolution that has swept away old laws and institutions and placed the Colony in the lead of the world's political development. Best of all, the transformation gives every promise of permanence as the Liberal-Labor people have gained the victory now in four triennial contests, winning the successive elections with increasing majorities till at the last election (1899) the Opposition "sank a hopeless wreck beneath the waters of New Zealand politics."<sup>1</sup>

#### INFLUENCE OF THE GREAT STRIKE.

Before describing the campaign of 1890 one or two misconceptions must be mentioned. The failure of the Australasian strike<sup>2</sup> of 1890 is frequently stated as the sole or the chief cause

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<sup>1</sup> Since this was written news has come from the fifth triennial, the election of November 25, 1902, with another overwhelming victory for the Liberals.

<sup>2</sup> The Australian strike of 1890, which involved New Zealand with all the colonies of Australia, was a struggle between the Trades Unions and the shipping and wool interests. From 1882 to 1886, owing to bad seasons and commercial depression, the shipping industry met with reverses, which, at the Conference of 1886 between the companies and the men, induced the ship owners to propose arbitration in respect to the reduction of seamen's wages from \$34 a month to \$27. The men replied that they could not live on less than they were getting, and refused to arbitrate the question of their starvation. In the years following both owners and men sought to build up a strong federation for the conflict they felt sure would come. The union movement was earnestly pushed among the other classes of workmen in Australia, and with such effect that the Chairman of the Sydney Chamber of Commerce said, in July, 1890: "The federation of labor in the Australian Colonies has, after years of patient effort, been accomplished."

The immediate causes of the rupture in 1890 were: (1) The dismissal of a ship's fireman, Morgan, who was a delegate for his union, and who had served the same company ten years, which, however, refused either to reinstate him in his old place or give a reason for his dismissal. (2) The demand for higher wages by the ship officers, who were supported by the seamen's unions. (3) The resolution of the wharf laborers and other unions, backed by the Central Trade and Labor Council, not to handle non-union wool. It is likely that the second head reveals the underlying cause of the trouble. The ship owners were determined not to tolerate the affiliation of the union of steamship officers with the Trade and Labor Councils and the Federated Seamen's Union. Unionism was getting too aggressive for the company, and it was ready for the fight.

The extension of the battle to New Zealand was really brought about by the Steamship Company. The steam coasting trade of the Colony and the trade between its ports and Australia were, as they still are, mostly in the hands of one corporation, the Union Company. The seamen in its employ were a fine body of men, and were well treated and did not wish to fight. The Maritime Council of New Zealand (consisting of branches of the Australian Union) did its best to avoid trouble, and when the wharf laborers refused to unload one of the Ship Owners' Association steamers the Council promptly offered that the seaman should work the vessel. But the next time the wharf laborers refused to work, instead of applying to the Council as before, the company's agent employed non-union laborers, altho he had notice that such action would cause trouble. The company in effect declared that it did not

of the political movement of that year. This is not true. The failure of the strike was only one of many influences and not the fundamental cause.

It hastened, solidified and intensified the political action of the workingmen, no doubt, but did not originate it. Before it took place, New Zealand politicians knew the labor organizations were coming into their field. It was not the sole nor perhaps the chief cause of their taking to politics as they did, and even if it had been it would not follow that it was the chief cause of the political overturn, for that was not mainly a Trade Union movement, but an agricultural uprising. What is ordinarily called "Labor" is strong in New Zealand, but the farmers are still more powerful. The labor vote rendered excellent and needful service, but the overwhelming mass of Liberal votes were rural—the avalanche was agricultural. "It was the country people who won the day," says an eminent New Zealander, "and the farmers have been the mainstay of the movement ever since."

#### UNION OF THE WORKINGMEN WITH THE LIBERAL FARMERS AND TRADERS AT THE POLLS.

Again it is said that the workingmen formed a Labor Party and elected Labor Candidates. This also is a mistake. Not only was no distinct Labor Party formed, but there was no

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intend to regard the rule as to non-union men, and that the time to fight the thing out had arrived. With both sides eager to involve the New Zealanders, this action of the company, added to the pressure of sympathy, carried the conflagration across the 1,200 miles of ocean and set New Zealand afire. The public was furious at the needless entanglement, and clerks and professional men took off their coats and worked as laborers on the wharves unloading ships, but no private action could do more than slightly palliate the paralysis.

The strike ran from July 8th to October 31st, and involved substantially the whole labor interests of Australia and New Zealand. On the one side the employers claimed the right to manage their business without dictation, and the right of free contract with individual workers, union or non-union, on any terms that might be agreeable to them. On the other side, questions of fair wages, the right of the men to combine and the recognition of the unions were involved. Unionism was on trial.

The capitalists had plenty to eat, could find plenty of idle men to take the places of the unionists, and for the most part had the press and the Government with them, and they won. Even the great public, whose sympathies are always with good wages and fair treatment of labor, could not but recognize that a strike which paralyzed for months the business of a continent was not a good way to settle the questions at issue.

The defeat of the men was complete, both in Australia and New Zealand, but the unions took their defeat philosophically, and in New Zealand, through alliance with Progressives of all classes, won a far more than compensatory political victory the same year. The workers went peaceably to the ballot box and elected men who would use the powers of government to attain

attempt to form one. More could be accomplished by uniting with the Ballance Progressives who were in sympathy with labor.<sup>3</sup> The unions saw this and joined hands at the ballot box with the small farmers and traders to elect men pledged to the interests of the common people. New Zealand is the only Australasian colony in which a separate labor party was not established, and it is the colony in which the greatest results have been achieved in the interests of labor. At the elections of 1890 and following triennials no attempt has been made to reserve the labor vote for workingmen or candidates belonging exclusively to Trades Unions. Of some 20 members who owed their return in 1890 chiefly to the labor vote, only 5 were workingmen, and the labor members of the House have not been more than 5 or 6 in any Parliament since.<sup>4</sup> Farmers and professional men have the largest repre-

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more just conditions for the laboring classes. The Trade Unionists of New Zealand had already determined to do this before the strike, but that was a vigorous stimulant. The course of events in New Zealand was affected more or less by two noted strikes—the English dockers' strike of 1888 and the Australasian maritime strike of 1890. But neither the London battle nor the Australian contest did more than emphasize and invigorate causes already at work. The people were saturated with discontent, and it only needed a little industrial friction to ignite the charge. The strike of 1890 was the match that set fire to the powder and brought on an immediate explosion.

<sup>3</sup> In Australia, where no such satisfactory party was ready and waiting for the unions, Labor Parties were formed; the strongest organization being developed in New South Wales, where the workingmen in 1891 elected 35 out-and-out labor representatives in a Parliament of 141 members. Their wily opponents, however, brought up the issue of free trade and protection, that has been used so often in America to split the labor vote, and the new party divided at the very start. A quarter of the labor members deserted the Ministry for the sake of the tariff. The other members understood the principle of variegated fusion, and voted with one party for protection to get the one-man-one-vote law, and voted with another party for free trade to get the land tax.

In 1898 the labor party had 19 members in the Parliament of New South Wales, and in 1899 a prominent labor member declared that the Ministry was absolutely dependent on the labor vote. By giving their support to an enlightened government they have helped to put a number of progressive measures on the statute book, mostly imitations of New Zealand's laws after they have proved their success. But the New Zealand workingmen, acting with the farmers, without a separate labor party, have secured far more than any labor party has yet been able to obtain in any country. "How far the labor element is from anything like real control in New South Wales," said Mr. Lloyd in 1900, "is shown by the fact that the Government does not recognize the unions even of its own employees."

An excellent account of the labor parties of the Australian states and their platforms will be found in Reeves' *State Experiments in Australia and New Zealand*. Mr. Lloyd's *Newest England* also contains luminous matter on this topic, and Walker's *Australian Democracy* touches the subject with that author's usual clearness and brevity. On p. 262 he says: "They (the workingmen of Australasia) have realized since 1890 that for the furtherance of their aspirations the strength of their unions should be devoted mainly to the promotion of the representation of labor in Parliament." The great strike and subsequent events have "intensified the conviction that strikes should be superseded by the ballot box."

<sup>4</sup> See Reeves' statements in *The Long White Cloud* and in *State Experi-*

sentation (41 out of 70), and commercial interests (merchants and agents) come next with 15, while 7 are "gentlemen settlers," and 3 are contractors.

The reader must not make the counter mistake, however, of supposing that the labor vote is not a powerful factor in New Zealand politics. In many districts the working people hold the balance of power, and a candidate cannot be elected who is not satisfactory to the Labor Organizations. They question candidates and vote for those who accept the Union or Labor principles. In fact, the labor vote has far more weight than if a separate labor party had been formed, for then there would have been three sorts of candidates in the field, Liberals, Labor candidates, and Conservatives. The division of the Liberal and labor forces would in a number of cases have let the Conservatives in, and the Unions would have had no special claim on Liberal members in Parliament for the consideration of labor measures. Not party organization, but alliance, and independent voting, direct nominations, and questioning of candidates, have been the secrets of progressive victory in New Zealand.

#### THE CAMPAIGN.

Land, labor and taxation were the absorbing topics of discussion in the campaign of 1890. The unhappy condition of labor, wage abuses, non-recognition of unions and resistance to just demands of the workers, the problem of the unemployed, the soup-kitchens and shelter-sheds, the streets full of tramps and the exodus of able-bodied, industrious citizens from a country not yet populated to 3 per cent of its capacity, the failure of the great strike, and the possibilities of the ballot as a last resort to win redress for labor, were subjects of vital interest to the whole people.

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ments in Australia and New Zealand. In the latter work, Vol. 1, pp. 76 and 87, he says: "The number of labor members returned in New Zealand was but five, and they did not attempt to form a separate party. But fully twenty Progressives were generally pledged to the Labor Program, and most of the party owed their election to the labor vote. . . . Nothing could have been less theatrical than the entry of labor into the New Zealand Parliament. To all appearance, it merely meant that half a dozen quiet, attentive, business-like, well-mannered mechanics took their seats in the House of Representatives. The labor members did not increase in numbers, nor did they supply the Progressives with a policy. But the organized support which they and their unions gave the Progressive leaders made all the difference. . . . They were sober, punctual in attendance, painstaking in the study of their business, and at first, at any rate, mercifully inclined to brevity of speech."

So with the land monopoly, which as we have seen was even more intense in New Zealand than in England, Ireland or the United States. The large estates were called "social pests," obstacles to industry, barriers to progress. "The curse of the country is the companies holding large estates; the companies do not die, and there is no provision to compel subdivision." The large estates were held responsible for the ruined industries caused by the depression that had shadowed New Zealand for a dozen years. The land system was a detriment to the State and an injustice to individuals, especially injurious to the most important class in the community, the settlers. The farmers and working people had developed the resources of the country and given the land all the value it possessed, yet the land and its value belonged in large part to a few monopolists, while the people who created the values had little and in many cases none of them. Absentee landlords and foreign corporations grew rich with the unearned increments resulting from the building of railways and other public works. Rents and interest were up in the air, while prices were trailing in the mud. Industrial depression shut down on income, but the land monopoly and the money ring claimed their tribute just the same. The wealth produced by farmers and workingmen went overseas in rents and profits to idle spend-thrifts who had investments in New Zealand and held paper titles to thousands of acres bought for almost nothing. And to cap the climax the tax laws threw the main burden on the small farmers and producers, discriminating most unjustly against industry and enterprise and in favor of speculation and monopoly.

If a man improved his land up went his assessment. Where he paid £1 while his land was unimproved, he had to pay £4 or £5 or more when he cleared the land and put it in seed and built a house on it. The settler building a house and barn and making other improvements found his tax higher than those of the neighboring owner who had bought his land on speculation and let it lie idle and unimproved. The settler's labor and improvements added value to his neighbor's land, yet the settler had to pay his own fair taxes and the speculator's too. The property-tax put a premium on idleness and speculation, and a penalty on industry and improvements. Producers were fleeced and speculators were enriched.

The property-tax was crude and oppressive in every way. It taxed a man as much when he made nothing as when he made much. It taxed men who were losing money as much as those who were getting large profits. Enterprise and energy were dampened by a system that taxed a man as much when going behind as when prosperous—if his venture were not a success the taxes would ruin him.

While idle, unimproved land paid only a fraction of the tax on improved land, an idle building paid as much as a building in use. Taxation of unprofitable buildings and machinery and unsold goods, made the merchant or manufacturer pay over and over again on property that brought him nothing through no fault of his own. The law made the farmer and business man pay on experimental improvements even tho the experiment proved a failure and the money was hopelessly sunk. It crippled the mining industry by its annual demand for tribute on investment whether profitable or not. It further discouraged enterprise by putting a tax on new industries before they began to yield a return. Professional men, whose capital was in their earning power, escaped taxation altogether, while the farmer had to pay not only his own share and the speculative monopolist's, but the lawyer's, doctor's, teacher's, preacher's, salesman's, and general manager's also.

There was an outcry from the small farmers and business men from one end of the country to the other, and the changes were rung on the unjust discriminations and inherent iniquities of the property-tax in every district in the campaign of 1890, along with vigorous dissertations on the rights of labor, the right of the people to the soil, the evils of absenteeism, and the innate depravity of private monopoly in land.

The election took place December 5th. On the 6th it was clear that the Liberal leader, Ballance, would be the next Premier. The Conservatives held on long enough to get the Governor to appoint seven members to the Upper House<sup>5</sup> and then retired. A few weeks later, in New Zealand's summer (January 24th) John Ballance became Prime Minister with a Liberal-Labor House behind him.

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<sup>5</sup> Premier Atkinson had himself and other leading Conservatives appointed to the Upper House. The Liberals denounced this transfer of the beaten Conservatives to life memberships in the Council as a fraud on the Commonwealth. A bill was introduced in 1891 to cancel the seven appointments, and Sir George Grey favored it, saying: "A great crime has been committed; a



HON. JOHN BALLANCE.

THE FIRST LIBERAL-LABOR PREMIER.

*The man under whose leadership the farmers and workingmen united at ballot box to elect a Parliament pledged to do justice to their interests.*



Only twice before in its history had the Colony seen a Liberal Ministry in office—Sir Geo. Grey's Cabinet of 1877-9 was thoroly Liberal, and the Stout-Vogel Ministry of 1884-7 had a good deal of Liberalism in it, but neither of these Ministries had a Liberal House behind it. When, however, John Ballance, the author of the land-value tax of 1878, came into power, backed by a strong majority in the House, and by the labor unions and the mass of small farmers and traders throughout the Colony, the days of Conservatism were over.

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great wrong has been done" by the old Ministry in deceiving the Governor into thinking the seven appointments were in harmony with the Government when the Ministry knew it must resign. Ballance, however, thought there was a better way, as we shall see, and the bill, after being reported from committee of the whole, appears to have been dropped (N. Z. Hansard, Vol. 72, p. 427 )



SEEING THROUGH THE WOODS.

## CHAPTER 36.

### THE LIBERAL GOVERNMENT.

The new Government came in with a mission to check monopoly, stop the movement to concentration of land ownership and turn the tide the other way, secure just taxation, encourage industry, and use the power of government in the interest of the great mass of the people instead of favoring a small class of monopolists as had been the rule in preceding years.

The Ballance Ministry<sup>1</sup> and the Liberal Majority behind it in the House, adopted a policy tending to equalize conditions, tax the rich instead of the poor, favor industrious farmers and workers of small means rather than heavy capitalists, give the advantage to manhood rather than money, make it as easy as possible for industry and economy to accumulate a competence, and as difficult as possible for exploitation to accumulate a fortune by the labor of others, bring land and capital within the reach of all on reasonable terms, teach the people coöperation in industry as well as politics, and perfect the machinery of democratic government in the elections and the House to represent more truly, and carry out more fully, the will of the people. Such was the spirit and purpose of the new management, and its efforts and accomplishments have been in harmony with these liberal motives.

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<sup>1</sup>To fill the chief positions in his cabinet, Premier Ballance chose as Minister of Public Works the Hon. Richard J. Seddon, an invincible friend of the common people, and a man of great executive power and tremendous energy, who has developed the most remarkable record in the history of the Colony; as Minister of Lands, the Hon. John McKenzie, another man of splendid executive force and a tireless champion of the people's rights; as Minister of the Post and Telegraph, the Hon. J. G. Ward, a Liberal of high character and exceptional executive ability; and as Minister of Justice and Education, and a little later Minister of Labor, the Hon. Wm. Pember Reeves, one of the most distinguished statesmen, orators and writers New Zealand has produced, and an uncompromising friend of the working people.

## CHAPTER 37.

### MODIFYING THE SENATE.

#### A SEVEN-YEAR TERM FOR SENATORS AND TWELVE NEW MEMBERS

The Senate was almost a unit against the new Ministry. The members were appointed for life, which tended to fossilize the Upper House. The Liberal majority in the Colony was scarcely represented in the Senate at all. In important votes Government measures that passed by decisive majorities in the House could only muster one or two supporters in the Upper Chamber. This meant not only that the Conservatives of the Senate could reject, amend or delay as they pleased, but that Liberal measures were not even fairly debated in the Senate; practically only one side was heard.

To overcome these difficulties the Premier asked the Governor to appoint twelve new Senators, and introduced a bill to reduce the term of Senators to seven years.

The Governor objected to the appointment of so many new Councillors. Ballance took the ground that in this matter as in others the constitutional course would be for the Governor to take the advice of the Ministry. His Excellency thought otherwise. By mutual consent the question was referred to the English Colonial Office. England gave judgment in favor of the Premier, deciding that the Governor should accept the advice of the Ministry in the matter of additional appointments, and twelve new Councillors were appointed in 1892.

The bill for a seven-year term became a law in 1891 with a proviso that the act should not apply to existing members. It would not have been possible to pass the bill without this clause. The Senators were not so particular about the terms of future members—they might yield to public sentiment on that point—but they could hardly be expected to agree to the decapitation of their own privileges.

## CHAPTER 38.

### TAXING THE MONOPOLISTS.

The heart of the first year's work of the new Government was a joint and several attack on the twin problems of land and taxation, in the shape of a "Land and Income Assessment Act" abolishing the property-tax and establishing graduated taxation of land-values and incomes.

The avowed objects of the law are to tax "according to ability to pay," "to free the small man," and "to burst up monopolies;" and its cardinal features are the exemption of improvements and of small people, and the special pressure put on the big monopolists and corporations and on absentees.

(1) All improvements are exempt,<sup>1</sup> all buildings, fencings, draining, crops, etc.—all value that has been added by labor, all live stock also, and personal property—only the unimproved value of the land is taxed.

(2) Mortgages are deducted also in estimating the land tax as they are taxed to the lender. The money lender or mortgagee is treated as part-owner, pays land-tax on his mortgage as tho it were land,<sup>2</sup> and is forbidden to make his mortgagor contract to pay the tax.

(3) There is besides a small-estate exemption of \$2,500, where the net-value of the estate does not exceed \$7,500,<sup>3</sup> so that if a farmer has no more than \$2,500 of land-value left

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<sup>1</sup> In the original Act of September 8, 1891, improvements were exempt up to \$15,000. The amendment of 1893 exempted all improvements. Building societies were also assessed by the original act, but were exempted by the Act of 1893.

<sup>2</sup> The Act of October 1, 1902, makes the mortgage tax only 3 farthings in the pound, as against 1 penny in the pound on land. So mortgagees will pay from now on only three-fourths the tax rate paid by land holders. Heretofore mortgagees and landlords have been taxed on their respective shares in the land at the same rate—1 penny in the pound.

<sup>3</sup> Above \$7,500 of net value, the small estate exemption decreases \$5 for each \$10 that the net value increases, so that this exemption vanishes when the net value (the value after deducting improvements and mortgages) reaches \$12,500.

after deducting improvements and mortgage liabilities from the value of his real property, he pays no land-tax.

(4) Besides the three exemptions or deductions already named—the deduction of mortgages, and the exemption of improvements and small estates—there is another conditional exemption. If an old or infirm person owns land or mortgages returning less than \$1,000 a year, and can show that he is not able to supplement his income, and that the payment of the tax would be a hardship, the Commissioner may remit the tax. A number of widows and orphans are excused more or less of their taxes under this clause. “The Democracy of New Zealand is a humanitarian tax-gatherer.”<sup>4</sup>

Out of a total of 110,000 land-owners only 16,000 pay tax.<sup>5</sup>

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<sup>4</sup> The tribal lands still occupied by the Maoris are also exempt. The discussion of the text relates only to the population of European descent. If native land is let to a white man, the landlord pays half tax, or 1½d (1 cent) in the pound.

<sup>5</sup> This is one of the characteristics that distinguish the New Zealand tax from the “Single Tax” advocated by Henry George. Under George’s plan, every one of the 110,000 land owners would pay land-value tax, while under the New Zealand law less than a sixth of them pay land tax. With the single tax all land values would be taxed, and all at the same rate. There would be no exemption of small owners, and no increase of tax rate for rich owners or absentees. The New Zealand tax is a tax on land values, but not a “single tax.” It is not “single.” There is a tax on incomes and decedents’ estates, and a tariff on consumption, and the larger part of the owners of land values are not taxed. It is a monopoly tax of the progressive type, not a George tax. Henry George wanted to abolish all other taxes but that on land, and take 90 per cent of all rental values due to land values. The New Zealand land tax not only leaves the small men (nearly six-sevenths of the holders of such rental values) entirely untouched, but even from the richest owners, at the top of the graded scale, it takes but 1¼ per cent on the assessed capital land value, or perhaps 25 per cent of the annual rental on such land value, or about one-fifth of the actual ground rents on the basis of assessments at four-fifths of actual values and capital values 20 times rental values; and from the mass of those who pay the tax, the class having over \$2,500 and under \$25,000 net value of land, the law takes less than half of 1 per cent on their assessed land values, or about 6 per cent of the actual rental value of the unimproved soil.

There is no doubt that the people of New Zealand, like those of other progressive nations, have been greatly stirred and benefited by the writings of Henry George, but while they find much to commend in his philosophy about the evils of land monopoly, they do not accept his method of redress, but have adopted a different line of action. So far is New Zealand from the single tax that Ballance, Reeves, Stout and other great leaders of the people, while paying high tribute to the educational value of George’s works, condemn the single tax as “confiscatory” and “absurd,” and the United States Consul to New Zealand says the New Zealand farmers look upon the single tax with horror, and would rise in open revolt against its introduction. (U. S. Consular Reports, 1894, 1897.)

There is not likely to be any need of rising in revolt, for in New Zealand, as Reeves says, “the farmers are all-powerful” at the ballot box. But if there were need they might take very strenuous action in opposition to the single tax, and the reason is not far to seek. There are about 100,000 land holders having less than half a square mile each, and about 6,000 of them pay land tax (Year Book, 1901). With the single tax every one of the 100,000 would pay land tax. So the single tax would be over sixteen times as bad for the farmer and other owners under 320 acres each as the present land tax, and something like ten times as bad as even the vicious old property tax they

When the new system went into operation in 1892, there were 12,360 rate-payers under the land-tax, while the number on the property-tax lists of 1889 was 26,327. The new tax hit less than half as many as the old,<sup>6</sup> 14,000 small owners were released from property-tax, and the lower division (half or two-thirds perhaps) of those who still paid tax on assets, paid less than they did before.<sup>7</sup>

#### THE GRADED-TAX FOR WEALTHY LANDLORDS AND ABSENTEES.

The graduated-tax begins when the unimproved value<sup>8</sup> reaches \$25,000. It rises from one-fourth of a cent on the pound on \$25,000 to sixteen-fourths or four cents a pound on

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fought so hard to abolish. Even these figures do not express the full difference to these owners, for not only would sixteen times as many of them pay land tax under the George plan, but the rate would be fifteen times higher, since George would take 90 per cent of the rental value of the ground, while the New Zealand law takes only 6 per cent of it. The New Zealanders believe in nationalizing the soil, but through purchase and leasing and gradual development of progressive taxes, not by a sweeping law that would take the land values for public use without paying for them or equalizing the burden of the change over the whole community benefited by it. In fact, some men of high intelligence in this and other countries, who call themselves "single taxers," no longer insist on the drastic legislation advocated by Henry George, but are willing to go toward the socialization of the soil by moderate steps, and to give due attention to other forms of monopoly, as the progressive thinkers of New Zealand have done.

(See Causes and Conditions, and Appendix)

<sup>6</sup> Even if we include the income tax (which is a tax on the upper slopes, resting on a good-sized income and not on a property basis, and therefore does not really belong in a comparison of the numbers affected under the new system and the old on the basis of possession), still, the incidence of the new law is probably only half that of the old. There were in 1892, 12,360 paying land tax, 1,491 graded land tax and 3,448 income tax. All the graded-tax and a large part of the income-tax payers were persons included in the 12,360 land-tax payers. The property-tax assessment, which forms the other wing of the comparison, was made in 1888 and published in 1889. An assessment under the property tax of 1892 (if it had continued till then) would have shown a larger number of rate payers than 26,327. Wherefore, on the whole, it is probable that, even including the income tax, as well as the land tax, the new system hit only half as many as the old.

<sup>7</sup> The principal reason of the change was the exemption of improvements under the new law. The old law (Property Act of 1885, in force till 1891) allowed \$2,500 exemption after deducting mortgages, but did not exempt buildings or other improvements, nor impose a graduated tax on large estates. The tax was 1 penny on the pound, to be assessed on all real property, and 30 shillings on each £100 of premiums for all fire, marine or guarantee insurance (Laws of 1879 and 1890). Now, in case of small estates and those of moderate size, the buildings and other improvements are apt to figure half or more than half the total value, so that the smaller owners were let out by the new law. A man who had a farm worth \$5,000 above liabilities—\$2,500 land value and \$2,500 in improvements—for example, would pay taxes on \$2,500 under the old property tax, but would pay no taxes under the new land-value tax.

<sup>8</sup> That is, land value,—value of the realty less improvements, but without deduction of mortgages. Mortgages are deducted in estimating the ordinary land tax, but no deduction on account of mortgages is allowed in estimating the graded tax. The land holder must pay the whole of the graded tax, no matter how heavily his land is mortgaged, for the graduated tax is a policy tax, intended to discourage the holding of large estates.

a million dollars or more of unimproved value. This graduated-tax is in addition to the ordinary level-rate land-tax levied each year, which is two cents on the pound.<sup>9</sup>

Absentee owners of large estates have still another tax to pay. If the owner of an estate large enough to come under the graded-tax, has been out of the country a year, his graded tax is increased 20 per cent.

In the United States the big corporations are apt to escape taxation largely or pay at a rate far lower than that enforced against small owners, but in New Zealand, a rich corporation pays at a higher rate than persons of ordinary resources. A wealthy land company or corporation land owner may pay a graduated tax 16 times as high as that of the man of moderate means, and over 18 times as high if it is a foreign company, and he is domestic in his habits. The company's total tax, including both ordinary and progressive, may be 3 pence (6 cents) on the pound (or more if it is an absentee), against 1 penny (2 cents) for the farmer who has less than \$25,000 of land-value above improvements— $1\frac{1}{4}$  per cent for the company, and .42 per cent, or less than half of 1 per cent, for the farmer—3 times as much for the company as for the farmer. And the company or large owner pays any number of million times as much as the small farmer who has only \$2,500 above improvements, for he pays nothing. No wonder the Premier said, "The graduation of the taxes is to check monopoly," and the Hon. Wm. Pember Reeves declared the purpose of the Government to be "to take off taxation from the small land proprietors and put it on the large owners," and "to burst up the great estates" by making it expensive and unprofitable to hold land in large amounts, and by the resumptive policy to be spoken of presently.

#### THE INCOME-TAX.

The income-tax applies to net income from employment and

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<sup>9</sup> These taxes are paid by leaseholders, as well as freeholders, except in case of Crown leases that are really no more than licenses. Section 4 of the Act provides that land tax should be paid on the value of his interest by "the owner of any leasehold, except under Part 6 of the Land Act of 1885" (which deals with pastoral leases terminable on 12 months' notice). "Land" is defined as including all chattel interests in land, and "land owner" is anyone seized, possessed of, or entitled to, any land, freehold or leasehold, except as above.

Holders of pastoral leases and mining licenses pay tax on their income from the use of land, but are not within the land tax. Such licenses are not considered as realty, and the income is treated as business income.

net profits from business, subject to an absolute exemption of \$1,500 (except in the case of absentees, and companies whether absentees or not), and a further optional exemption up to \$250 a year for life insurance premiums, if the citizen wishes to spend his money that way. All income derived from land or from mortgages, so far as they represent realty, is outside this tax, which affects only income from employment or business.<sup>10</sup> The land-tax takes care of realty and all that pertains to it, so that the land with all its profits and liabilities is excluded from the income-tax.<sup>10</sup>

A farmer who derives all his income from land pays no income-tax. Neither does a lawyer, doctor, teacher, artisan or any other person who makes no more than \$1,500 a year. The total number of income-tax payers is only about 5,600. Working people, small tradesmen, and farmers with less than \$2,500 of land-value above improvements, pay neither land nor income taxes. But it must not be imagined that they escape taxation entirely, for the bulk of New Zealand's net revenue is raised by the tariff,<sup>11</sup> and the citizen is apt to pay taxes whenever he eats, or wears clothes, or buys a bicycle or a pair of shoes. Moreover, every property holder large or small must pay municipal or local taxes.

The rate of income-tax for companies is 24 cents on the pound on the profits of their business, and for other people it is 12 cents on the pound on the first taxable \$5,000, and 24 cents on all taxable income above \$5,000. The graduation of the tax consists of 3 steps—up to \$1,500 no tax, the next \$5,000, 12 cents, and beyond that 24 cents on the pound.<sup>12</sup>

If a man has \$2,000 income from business or employment, \$1,500 is exempt anyway and \$250 more if he chooses to use it

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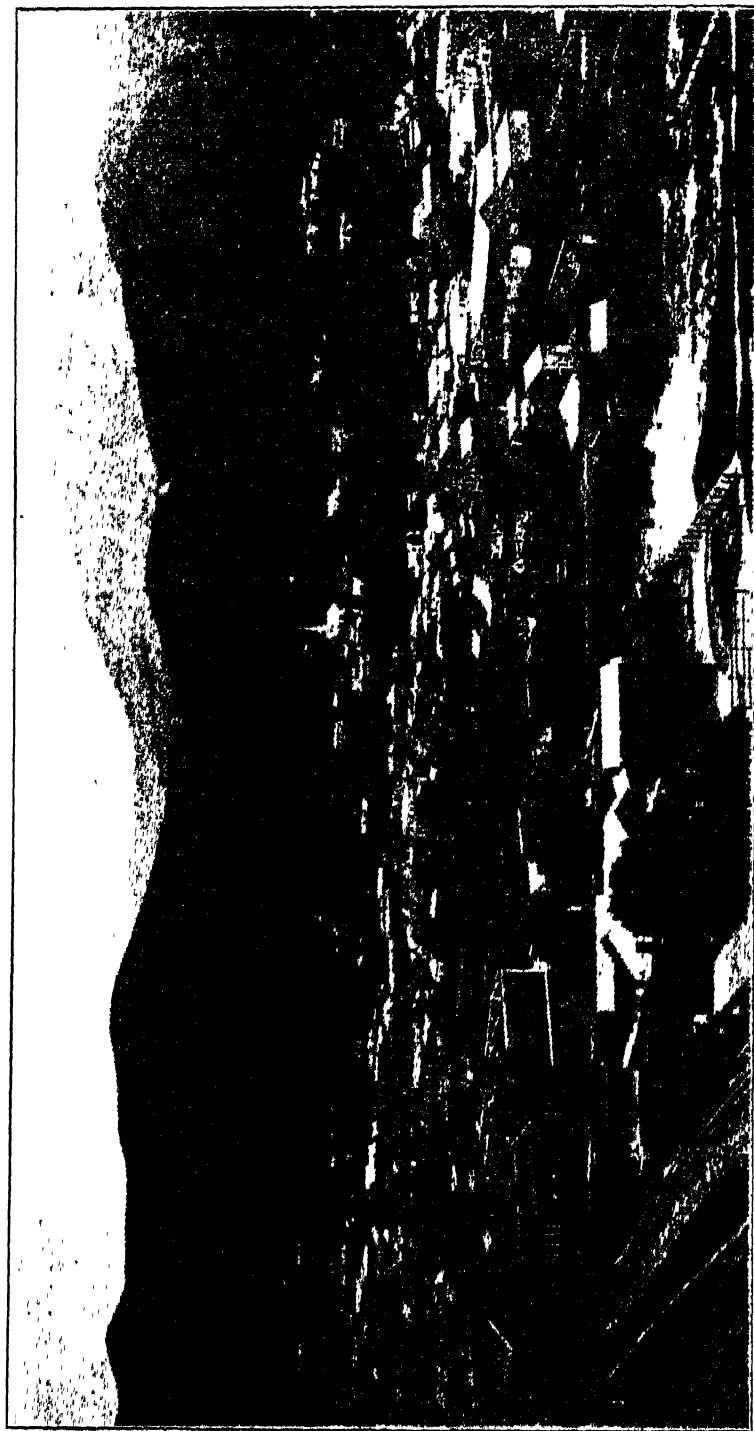
<sup>10</sup> See last paragraph of Note 9.

<sup>11</sup> The customs only form 33 per cent of the revenue, but the \$9,338,323 the Government receives from its railways and the \$4,500,000 from post and telegraph are not net. The \$11,000,000 raised by the tariff constitutes about 75 per cent of the national taxation; \$15,500,000 are raised by taxation for the national Government, and it has \$15,000,000 income from other sources, land rents, public institutions, etc. The total revenue is about \$40 per head of European population (1902), half of it raised by taxation, with the direct taxes all on the well-to-do and largely on the rich. Local governing bodies, cities, towns, etc., raise about \$5 taxes per head.

<sup>12</sup> The exemptions and general conditions of the income tax were prescribed by the Assessment Act of 1891. The twelve and twenty-four-cent provisions were enacted in the Land and Income Tax Act, 1892, which is supplementary to the Assessment Act.

Various amendments were made in 1893, 1894, etc., and the whole law of the subject, with further improvements, was consolidated in the Land and Income Assessment Act of 1900.





NELSON. A FLOURISHING CITY OF THE MIDDLE ISLAND.

for life insurance premiums, and he pays \$6 income-tax on the remaining \$250. If the income is \$10,000 he pays \$120 tax on the first \$5,000 above the \$1,750 exemptions, and \$156 graded income-tax on the remaining \$3,250, making a total of \$276 income-tax, or 9 times the percentage of his whole income that is paid by the \$2,000 man. If the income is \$50,000, the citizen pays \$120 plus \$2,076 (or \$2,088 if he has no life insurance), a total of \$2,196 or about 15 times the rate on, or proportion of, his whole income that is paid by the man of moderate income.

#### PROGRESSIVE TAXATION OF LAND AND INCOMES POPULAR.

The graduation, either on land or incomes, tho looked upon by the large owners as considerably more than sufficient, is regarded by the Government as only a beginning. "The thin edge of the wedge," one of the Liberal Ministers says. "We had to get that in first. It will be easy enough to increase the taxes on land and incomes. A little bill of a very few lines will do that."

The people like these taxes, and there is a growing sentiment in favor of lowering the tariff and increasing the land and income taxes. Less taxation of life and more taxation of natural resources and monopoly. The new taxes do not discourage industry nor put a premium on idle land and speculative holdings. They fall only where the burden can be easily borne. No merchant pays when business is bad and he is making nothing. And no farmer finds his taxes trebled and quadrupled because he improves his land. The taxation of monopoly has increased the prosperity of the country and helped to break up big estates and secure a wider distribution of land.

#### PURPOSES AND RESULTS.

The Ministry declared its purpose to check monopoly, aid the poor and equalize wealth.<sup>13</sup> Premier Ballance brought for-

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<sup>13</sup> Premier Ballance said. "We need not fear that in pursuing this we shall fail to reap the material prosperity at which financial systems aim. The wide diffusion of wealth and industry among the people is the surest guarantee of a buoyant revenue and a wealthy exchequer."

Mr. Seddon said: "Our object is to prevent the mass of the people who own no land from becoming serfs. . . . By taxing land, the owners are compelled to take out of the land what there is in it,—its fertility and power to support population. They have to build homes and fences, and cultivate; employ smiths, masons, carpenters, and circulate their money." And if they

ward the land and income-tax as the first measure on his program, to yield a revenue and help redress the balance between the rich and poor, relieve the small owners, make the big ones pay their share of the cost of government and the public works that had made them rich, and break up the overgrown monopolies.

In his Financial Statement at the opening of Parliament, the Premier called attention to the fact that a man (with a family of 5) earning 39 shillings a week or \$500 a year as a laborer, paid about 11.4 per cent of his earnings in duties; and an artisan earning 53 shillings a week or \$680 a year paid 9.1 per cent of his income for the support of the Government, while a "rich man worth half a million dollars paid about 3 per cent of his income to the State,—the graded taxes would perhaps bring his contributions up to about 9½ per cent. From 1886 to 1890 the natural increase of population, the excess of births over deaths was 64,168, while the real increase of population was only 44,870, showing an exodus, or excess of departures over arrivals, of nearly 20,000. Land monopoly and other unfortunate conditions made it impossible for the people to get homes. A great aggregation of wealth may be built up in the hands of a few, while the many may be pauperized, but this is not civilization, and it is not a sign of health in a State. Our first duty as legislators, it appears to me, is to see that it is made easier for the people to have comfortable homes."<sup>14</sup>

#### RELIEF OF THE SMALL PEOPLE.

The exemption of improvements, deduction of mortgages, etc., has had a powerful effect in relieving the situation for the small people as may be gathered in some detail from the following data:

Out of 8,611 farmers, dairymen and ranchmen, who had paid property-tax, only 4,800 paid any land or income tax—nearly half the country landowners were released entirely by the new system. Out of 3,156 tradesmen, storekeepers, carriers, etc.,

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don't want to employ labor and improve their estates, the progressive taxes encourage them to sell their land or part of it to people who will improve it.

Mr. Reeves said: "The graduated tax is a finger of warning held up to remind them that the Colony does not want these large estates. Whether partly or almost entirely unimproved, they are a social pest, an industrial obstacle and a bar to progress."

<sup>14</sup> New Zealand Hansard, Vol. 71, pp. 66, 67, 68.

over half were released, and this was true also of the 3,760 widows, wives, trustees, and spinsters assessed under the property-tax. With the laboring classes the case was stronger still—out of 2,242 workers (mechanics, laborers, miners, sailors, shepherds, etc.) who paid property-tax, only 235 paid anything under the new law,—nine-tenths of the workers assessed by the property-tax were released by the Liberal system.

Taking the smaller people, farmers, merchants, agents, clerks, teachers, artisans, laborers, widows, and spinsters, below the level of the income-tax and the graded land-tax (not owing \$25,000 worth of land-value nor having an income of \$1,750 a year), we find about 18,000 such small people assessed under the property-tax, while only about 7,500 of them came within the new law—over 10,000 out of 18,000 small people of the classes named<sup>15</sup> were released by the Liberal tax law.

<sup>15</sup> The whole body of small people, including doctors, lawyers, clergymen, contractors, builders, manufacturers, absentees, etc., assessed by the old law was something like 21,000, and it is estimated that less than 8,000 of them were touched by the new law.

The following table, from the Report of the New Zealand Tax Commissioner, July 28, 1893, gives some of the classes in the tax lists, old and new, and the totals in a comparison of the land and income assessment of 1892 with the last preceding assessment under the property-tax:

	(1)	(2)	(3)	(4)
	Number property tax-payers 1889	Number tax-payers land and income tax 1892-3		
		Land tax	Graded land tax	Income tax
A. Professional clergymen, lawyers, doctors, authors, editors, engi- neers, architects .....	1,135	449	42	632
B Civil servants, teachers, etc ..	547	173	5	391
C Merchants, importers, ware- housemen, contractors, etc ...	1,008	392	78	248
D Tradesmen, storekeepers, car- riers, etc .....	3,156	1,251	41	538
E Workers, laborers, mechanics, miners, etc .....	2,242	220	2	29
F Manufacturers, brewers, millers, shipbuilders, etc. ....	525	170	19	139
G. Farmers, dairymen, ranchmen, etc. ....	8,611	4,760	766	97
H. Agents, brokers, clerks, mana- gers, etc. ....	1,858	397	35	914
I Widows, wives, trustees, spinsters. ....	3,760	1,837	57	58
J. Other trust estates and estates of deceased persons. ....	1,492	1,522	210	362
Totals.....	26,327	12,360	1,491	3,448

All the persons who appear in Column 3 appear also in Column 2, and part of those in Column 4 are also included in 2; while another part consists of persons who have a good income but no land above the exemption,

Yet the rate of taxation was so much accentuated for the rich that the total yield of the new law was greater than that of the old—in place of the \$1,770,000 raised by the property-tax, the new tax, 1892, raised \$1,870,000, of which \$1,163,000 was ordinary land-tax, \$339,000 graded land-tax, and \$368,000 income-tax.<sup>16</sup> The 4,760 owners of class G paid \$446,705 in place of \$407,720 paid by 8,611 owners under the property-tax, and the corporations (banks, mining, manufacturing, mercantile, insurance, and land companies) paid \$635,000 under the new law against \$535,000 under the old. On the other hand, the workers of class E paid only \$2,715 against \$20,265 under the former system.

#### TESTIMONY OF UNITED STATES CONSUL.

United States Consul Connolly, reporting to our Government in 1894 and 1897, said:

"In the matter of taxation New Zealand excels. In a very short time the system of taxation has been revolutionized and the incidence of taxation almost entirely changed, not only without disturbing, to any appreciable extent, existing interests, but with the most beneficial results. . . . The new legislation was violently assailed as experimental, socialistic, confiscatory, and impracticable. The banking and moneyed institutions generally and also the large landowners persistently alleged that the law would result in financial ruin, but subsequent events conclusively demonstrated how ill-founded were their apprehensions. It was found that the new system instead of involving the country in ruin had exactly the contrary effect, and the credit of the Colony in London increased to an unprecedented degree. . . . (Using also the Consular Report of 1897) The income-tax was most fiercely denounced as inquisitorial, destructive of the first principles of frugality and thrift—in fact, all the elements of evil lurked in the shadow of the words 'income-tax,' and a united effort was made to resist this 'iniquitous' tax, but all to no purpose. . . . With the adoption of the one-man-one-vote principle, the middle and laboring classes had become all-powerful and they demanded a change in the incidence of taxation. . . . And now, after 6 years of experience, the more liberal and fair-minded of those who opposed it (the income-tax), frankly admit that it is a fair and unembarrassing tax. . . . In

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and in some cases not sufficient assets of any kind, even to bring them within the old property-tax. The smallness of the figure in Column 4, Class G, is surprising, in view of the pastoral leases. The Year Book for 1902, p. 467, states the probability that from 1892 to 1895 the full number of persons liable to the income-tax was not ascertained.

<sup>16</sup> The land-tax, 1902, amounts to \$1,565,000 (of which \$395,000 is the graded tax), and the income-tax is \$897,000. From 1896 to 1902 the income-tax increased 93½ per cent, while the population increased 12½ per cent.

New Zealand the land and income tax is now popular; it is accepted in lieu of the property-tax, it is a success.<sup>17</sup> . . . (1894 again). By the \$2,500 land-tax exemption, the exemption of improvements, and the exemption of all incomes under \$1,500, the small farmer and laborers are immensely benefited. These exemptions, however, only apply to State taxes. For local purposes all must contribute who have assessable property. The laborers and small farmers are very grateful, and at the late election, November 9, 1893, they have, in the most pronounced manner, demonstrated their appreciation by electing those to whom they owe so much (the Liberals) by the largest majority ever given a Government in New Zealand "<sup>18</sup>

"With the graduated and absentee taxes, the landlord class felt that they must do something to relieve the burdens thus imposed. They recognized, after the battle was over, that it was an unmistakable victory for the people, and accordingly took immediate steps to meet the reforms of the law by improving their land or selling it, either to the Government or to individual purchasers. A number of estates were disposed of privately. Some were subdivided, while a large percentage of them were sold outright to the Government. This process has continued from the imposition of the tax to the present, so that now the number of large estates is considerably reduced, and needless to say, with corresponding benefit to the country."<sup>19</sup>

#### EFFECT ON LARGE ESTATES AND THE MOVEMENT OF MONOPOLY.

We cannot compare large estates in 1901 with those of 1891, because in recent years the Registrar-General's annual tables have been spoiled for comparative purposes by mixing up the pastoral leases (which have nothing to do with land taxation) with the other tenures, while in earlier years the pastoral leases were excluded. We can only compare the figures of 1896, showing 10,126,643 acres in 112 holdings of 50,000 acres or more, with those of 1901, showing 9,467,444 acres in 97 holdings. This suggests that the subdivision the graded land-tax was intended to stimulate has begun, but it is only a suggestion, for the mixture of causes deprives the comparison of certainty. The diminution may be due to the decrease of big leaseholds, or on the other hand the number of large leaseholds may have increased and the big freeholds may have shrunk even more than the 659,200 acres above indicated.

The matter is placed beyond doubt, however, by a Parlia-

<sup>17</sup> Condensed from Reports of the U. S. Consul to New Zealand. 1894 and 1897 U. S. Consular Reports, Vol. 44, p. 615, and Vol. 53, pp. 19, 32, 33.

<sup>18</sup> U. S. Consular Reports, 1894, Vol. 44, p. 620.

<sup>19</sup> *Ibid*, 1897, Vol. 53, p. 30.

mentary return showing the values of freehold properties in 1892 and 1900. In the former year (the first in which land-tax was collected) the freeholds of the Colony were valued at 92 millions sterling. In 1900 their value had risen to nearly 110 millions. But all the increase was in the smaller or middle-size estates. The value of estates in the class worth £50,000 or more, each, had fallen from 19 millions sterling to 15 millions. So the great estates have shrunk almost one-fourth. The repurchase system to be spoken of in the next chapter is one cause of this, but part of the credit belongs to the graded tax.

When the Liberal Statesmen of New Zealand fired progressive taxation at the target of monopoly they hit the bull's eye. Till 1891, except for a year in the seventies, the monopolists and their friends made the tax laws in New Zealand with the result that capital did not bear its share of the public burdens, the common people had to pay a large part of the taxes the monopolists should have contributed, and the further growth of monopoly was encouraged. Now the burdens of taxation are more fairly adjusted and the pressure of the law is not toward monopoly but away from it, not favorable to it but against it, and this pressure is likely to be gradually increased.

#### THE PROGRESSIVE TAXES LIKELY TO BE MADE MORE PROGRESSIVE.

The New Zealanders believe in making the land and income taxes progressive in time, as well as in respect to size of income or estates. There have already since 1891 been two enactments for the increase of the land-value taxes,<sup>20</sup> and the movement for the further accentuation of the progressive taxes is strong.<sup>21</sup>

One of the most interesting facts about New Zealand's tax revolution is the great increase in the value of improvements not only through the encouragement given to industry by their exemption, but through the new valuation put upon them by their owners. When the improvements were taxable no taxpayer could see any value in them to speak of; but now that they

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<sup>20</sup> The graded land-tax of 1891 began at  $\frac{1}{4}$  of a cent and ended with  $3\frac{1}{4}$  cents in the pound. In 1893 the upper limit was raised to 4 cents in the pound, resulting in an increase of 15 to 40 per cent in different parts of the scale. (See details in "What Next?" *infra*.) In 1896 another move on land values was made through a local-option law. (See Local Rating on Unimproved Values, *infra*.)

<sup>21</sup> See chapter entitled "What Next?" *infra*

can be deducted the appreciation of them shown by the taxpayers excites the wonder of the Commissioner of Taxes. The people, especially the small people, have had an equal awakening in respect to the value of progressive taxation of the ground.

#### INHERITANCE TAXES.

In addition to the land and income taxes there is a progressive tax on decedents' estates, as follows:

1. Estates<sup>22</sup> not exceeding £1,000 (\$5,000):
    - On the first £100. . . . . no tax
    - On all over £100. . . . . 2½ per cent
  2. Estates<sup>22</sup> exceeding £1,000, but not over £5,000 . . . . 3½ per cent
  3. Estates exceeding £5,000, but not over £20,000. . . . . 7 per cent
  4. Estates of £20,000 or more. . . . . 10 per cent
- Strangers in blood, excepting adopted children, 3 per cent additional.

These duties are levied on the final balance of the real and personal estate.<sup>22</sup> Property passing absolutely to a widow or widower is exempt. The law will not break up family estates as long as either member of the partnership survives as owner. There are also special provisions affecting children and grandchildren, step-children and adopted children.

#### CONCLUSION.

These three graded taxes on land, incomes, and decedents' estates, supply the means whereby the Liberal Government may

<sup>22</sup> "Estate" means the amount of the final balance, or value of the real and personal property, aside from exemptions and within the purview of the act.

The inheritance tax has existed for many years. The Deceased Persons' Estates Duties Act of 1881 prescribed the following death duties:

On any amount not exceeding £100. . . . .	no duty
£100 to £1,000. . . . .	2 per cent
On any amount not over £5,000	
on the first £1,000. . . . .	2 per cent
on the rest. . . . .	3 per cent
On each additional £5,000 or part of it up to £20,000	
on the first additional £5,000 or part thereof . . . . .	4 per cent
on the second additional £5,000 or part thereof . . . . .	5 per cent
on the third additional £5,000 or part thereof . . . . .	6 per cent
On every additional £10,000 or part up to £50,000	
on the first additional £10,000 or part. . . . .	7 per cent
on the second additional £10,000 or part. . . . .	8 per cent
on the third additional £10,000 or part. . . . .	9 per cent
On any estate over £50,000. . . . .	10 per cent
Strangers in blood, except adopted children, 3 per cent additional.	

The rates stated in the text were established by the amending act of 1885 (when Ballance and Vogel were in the Ministry, with Stout as Premier). On some classes of large estates the new rates are 25 to 50 per cent more severe than the duties imposed by the earlier act.

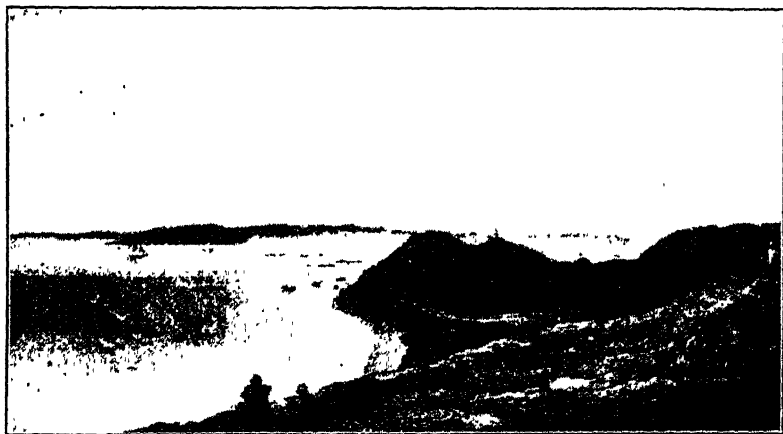


put the pressure on monopoly to any extent that may be deemed desirable in their effort to promote the public welfare.

Other countries<sup>23</sup> have land and income and inheritance taxes, but no other state or country except Switzerland has as yet anything like so strong and far-sighted a law as that of New Zealand with its six great principles: exemption of improvements, live stock, and personalty; exemption of small people and persons who would be embarrassed by the tax; treatment of mortgagees as part owners; payment on incomes above the average level or general labor line; inheritance and succession duties; and graduation of the taxes to restrain monopoly and conform more closely to the rule of payment according to ability, which is the fundamental equity in taxation.

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<sup>23</sup> See Appendix.



PENCARROW HEAD WITH THE LIGHT HOUSE.

*In Cook Strait at the entrance to Wellington harbor. An appropriate view in connection with progressive taxation, the legislative light house built by the Balance Government at the entrance to the Liberal era.*

## CHAPTER 39.

### A NEW LAND POLICY.

Graduated taxation of monopolies and penalization of absentees were only the opening melodies of the new land opera. Under the influence of the Liberal Government, the land system of New Zealand has become saturated with the ideas of nationalization of the soil, leasing in perpetuity, restriction of area and of transfer, resumption and division of overgrown estates, abolition of large holdings, close settlement under improvement and residential conditions, co-operative development of small farm settlements, suburban homes for workingmen, easy access to the soil for all, especially for those of small means, preference for the landless, gradual absorption of the unearned increment for the use of the public,—the land for the people in every way, and not for the few.

There are three ways of overcoming land monopoly: (1) confiscation; (2) pressure through taxation, etc.; (3) resumption or state purchase by agreement or compulsion. New Zealand, while using the second, relies largely on the third, which meets the need more definitely and certainly than any ordinary tax, and more justly than confiscation.

The cry for land in the early nineties was no mere sentimentalism or result of theorizing; it was the expression of a vital need<sup>1</sup>, like the cry for coal in the United States this year (1902).

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<sup>1</sup> In addition to the facts in reference to land monopoly given in former chapters, the following citations may prove of interest in this connection:

"In the immediate vicinity of A—— there is an estate of 40,000 acres, nearly the whole of which is of most magnificent quality, and only one or two families now live on it." (New Zealand Hansard, 1894, Vol. 83, p. 655.)

"A few years ago I traveled from B—— to H——, and from the time I passed the A—— River till I reached the H—— I saw no settlement. I passed through some of the finest land in the Colony, and met only a few sheep and millions of rabbits." (*Ibid.*, Vol. 84, p. 212.)

"We had last year 7,000 odd acres on which there was no human being living. At this time last year the property was leased to the New Zealand and Australian Land Company, and was held by them as one of their out stations. The sheep were driven from that place once a year. They were shorn and driven back again, but no persons lived upon it. Now, by the pur-

The big owners held the land for a rise of prices. A rise in prices was not likely to come till a good proportion of the monopolized land was cut up and settled. The owners could not afford to cut it up till prices rose. There was a deadlock. And while the country was excellently adapted for working farmers, and lying empty and waiting for their hands, hundreds and thousands of farmers' sons and country laborers were growing up and working on other men's land, altho they had the skill, knowledge and strength to manage holdings of their own.

To meet the demand for land and break up monopoly, favor the settlement of men of small means, and move toward the nationalization of the soil, the Ballance Ministry in 1890 agreed on the policy: (1) of putting pressure on the large holders through progressive taxation; (2) of conserving the remaining public lands for genuine settlement; (3) of limitation of the area of holdings and of the right of transfer; (4) of repurchasing and dividing large estates, and (5) of establishing the true perpetual lease (with periodic revaluations and no right to purchase the freehold) as the tenure on which public lands and resumed lands should be taken.

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chase and cutting up of that estate, we have twenty-one settlers on it." (*Ibid.*, p. 344.)

"We had on the one side of L—— Mr. ——'s estate, of between 60,000 and 70,000 acres, having on it a resident population of between sixteen and seventeen individuals. We have the —— estate, which employs very few people all the year round. On the other side we find the Land Company, with how many acres I cannot say, but it runs from L—— to R——, a distance of 18 or 20 miles." (*Ibid.*, p. 199.)

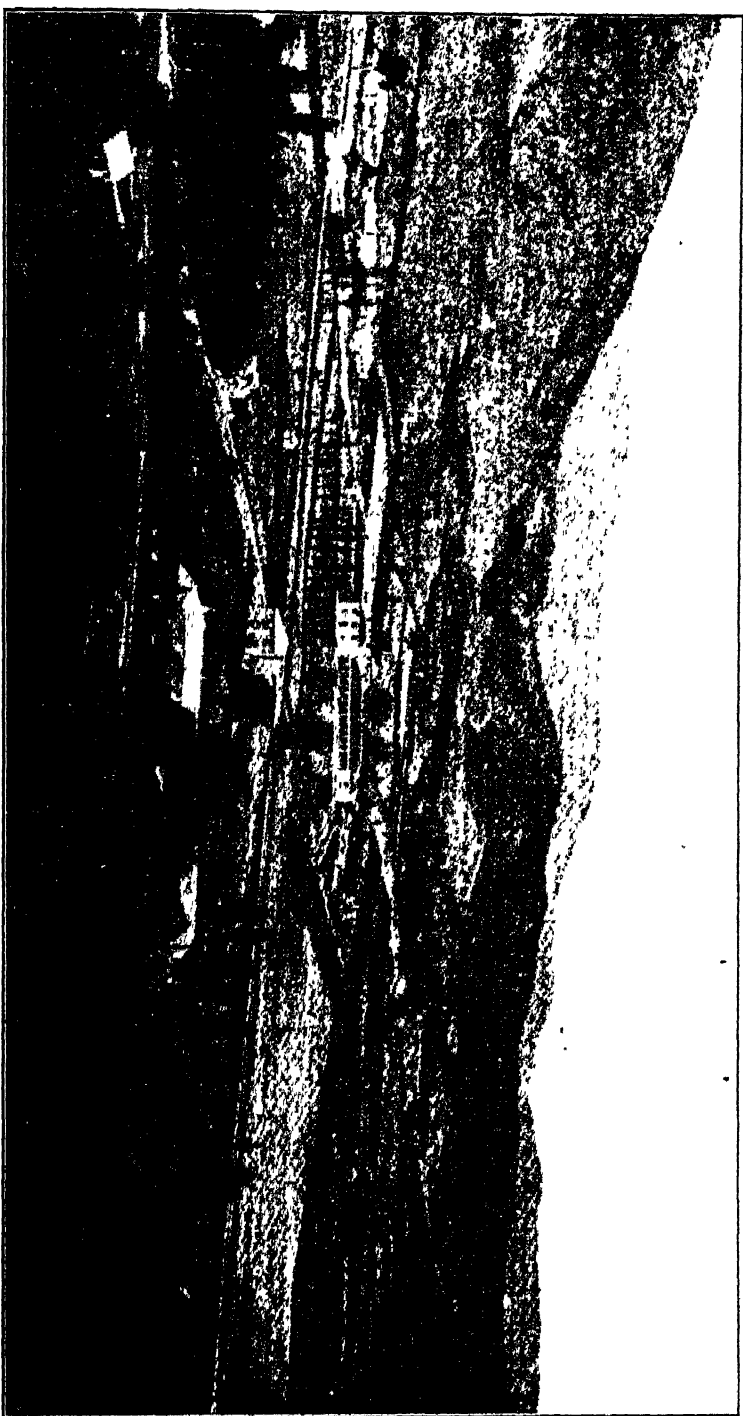
The Hon. John Graham, member for Nelson, drew attention to the following state of things (Vol. 84, p. 195):

New Zealand Landholders	Unimproved Value of Estates
6 held .....	£2,562,780
18 " .....	2,549,547
79 " .....	5,328,842
200 " .....	5,996,897
381 " .....	5,364,802
<hr/> 684	<hr/> £21,802,868

Those were the upper steps of the ladder. At the lower end came 45,192 holders, in whose hands was land worth rather less than £1,750,000: 50 per cent of the landholders with only 7 per cent of the land values, while two-thirds of 1 per cent had 40 per cent of land values.

Putting cities and towns aside, and taking the country landholders of not less than 5 acres each, the figures showed that 470 landholders held £14,934,968, estates' unimproved value, while 38,405 held £21,393,494. In other words, less than one-eightieth of the country landholders had two-fifths (in value) of the land—1¼ per cent of the landholders had 40 per cent of land values.

On the other hand, about half the landowners—45,192—had land of an unimproved value less than £100 each, and in 23,709 cases the improved value was below £100.



ORCHARDS AND GARDENS, WAIMATE ROAD, NELSON.

The first of these aims was accomplished in 1891-1892, as we have seen. The second, third and fourth were carried out in the land acts of 1892-1894, but the fifth was compromised after an earnest fight—leases in perpetuity (999 years), with no right of purchase and no revaluations, leases for 25 years, with right of purchase after 10 years, and the optional system with residential and improvement conditions, described below, being accepted by the Government in place of the desired perpetual leases, in order to carry the other provisions of the land acts. The legislation secured, tho not up to the Liberal ideal, was nevertheless sufficient to turn the tide from concentration to diffusion of the ownership and benefits of the soil, and win the victory for the people in the great battle between the settlers and the monopolists, that had been going on since the foundation of the Colony.

#### OPTIONAL SYSTEM WITH PUBLIC LANDS.

Under the Land Act of 1892, which forms the basis of the present land system, town, village and suburban lands are sold at auction, at upset prices not less than \$100, \$15 and \$10 an acre, respectively, while rural lands are disposed of either by auction or on private application, at not less than \$5 an acre for first-class land and \$1 25 an acre for second-class land.

Lands open for selection may be obtained, *at the option of the applicant*, on any one of the three following tenures, all of them requiring improvements and all but the freehold requiring residence:

(1) *Freehold*: but the land must be improved within 7 years to the amount of \$5 an acre for first-class land and half that sum for second-class land, and title will not be given till the conditions have been fulfilled. Freehold sales, whether by auction or on application, are called "cash purchases" or "conditional cash purchases," since title is not given for 7 years; and then only if the conditions as to improvements have been fulfilled, and subject to the limitation of cash sales to 250,000 acres a year.

(2) *Occupation with right of purchase*—a 25-year lease at a yearly rental of 5 per cent on the cash price of the land, with right to purchase the fee after 10 years, and the fulfilment of strong conditions as to residence and improvements.<sup>2</sup>

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<sup>2</sup> The conditions under which both occupation licenses and leases in perpetuity may be obtained are stringent, being framed with a view to enforcing actual occupation and cultivation of the soil. Residence is compulsory (with a few exceptions stipulated by the Act), and must commence within four years from the date of selection of bush or swamp lands, and within one year in the case of open or partly open land. On lands occupied with the right of purchase, it must be continuous for six years on bush or swamp land, and for seven years in open or partly open country; and on lease-in-perpetuity lands

(3) *Lease in perpetuity*, a lease for 999 years, subject to conditions of residence and improvement,<sup>2</sup> at a yearly rental of 4 per cent on the cash price of the land, without revaluations and without right of purchase at any time. *No lease in perpetuity can be assigned in law or equity or taken in execution or charged in any way for the first 12 months.*

*It is the clear intent of the law by low rental, long term, immunity from execution till the first crops come, and other provisions, to make this the favorite and predominant tenure and so keep the fee-simple in the State.*

Mineral lands, resumed lands, and small farms in the village settlements, special settlements and improved-farm settlements,<sup>3</sup> can only be obtained on lease in perpetuity, and holders under the provisions of former laws in respect to taking land on deferred payment or "perpetual lease," or under the 25-year lease with right of purchase just mentioned, may exchange their agreements for the lease in perpetuity.

The above analysis does not include pastoral or grazing leases which neither constitute nor lead to any permanent title to the soil.

#### LIMITATION OF HOLDING AND TRANSFER.

No lessee or licensee can transfer his interest, except with consent of the Land Board of the district, and after fulfilment of conditions, and on the declaration of the would-be transferee, assignee or mortgagee showing that he is not barred by the limitations of the law.

Small grazing-runs, first-class, may not exceed 5,000 acres, and second-class 20,000 acres. Pastoral runs are limited to areas that will carry 20,000 sheep or 4,000 cattle.<sup>4</sup> No person or company

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it must be continuous for a period of ten years. The Board has power to dispense with residence, however, in exceptional cases, such as where a selector is resident upon adjoining lands, or is a youth living with his parents, or an unmarried woman, etc. The term "residence" includes the erection of a habitable house, to be approved of by the Board.

The following improvements must be effected in case of lands held on lease with right of purchase, or on lease in perpetuity (*i. e.*, on all classes of land except those bought for cash or taken on pastoral or grazing-run leases): 1. *Within one year from the date of the license or lease the land must be improved to an extent equal to 10 per cent on the value of the land.* 2. *Within two years improvements equal to a further 10 per cent must be effected, or 20 per cent total improvement in two years.* 3. *Within six years the land must be improved to the value of another 10 per cent, or 30 per cent total improvement in six years. And, in addition to this, "substantial improvements of a permanent character" must also be effected to the extent of £1 per acre for first-class land, and for second-class land to an extent equal to the net price of the land up to 10 shillings per acre.*

<sup>2</sup> These three classes of settlements and the workingmen's suburban homes, tho closely related to the general land policy of the Liberal Government, are still more vitally connected with its labor policy, and are therefore treated under that head so far as conveniently possible.

<sup>3</sup> "Pastoral lands" proper, which are defined as "lands suitable exclusively for pasturage, and not capable of being used with profit in areas of carrying capacity of less than 5,000 sheep," and which include country not immediately required for settlement, may be leased at auction for 21 years, subject to resumption by the Government at any time on 12 months' notice.

<sup>4</sup> The small grazing leases are made on a rental fixed by the Board in each case, but not less than 2½ per cent on the capital value, which must not be put

can hold more than one run of any kind, unless his run is capable of carrying less than 10,000 sheep or 2,000 cattle, in which case he may take up other land to make an aggregate area of that carrying capacity.

Aside from these pasture licenses no more than 640 acres of first-class land,<sup>5</sup> or 2,000 acres of second-class land can be offered in one lot, and no person can select for purchase or lease more than 640 acres first-class or 2,000 acres second-class, including therein any land which he then holds.

"No one who owns or has within the previous 40 days owned 2,000 acres or upwards of freehold land, inclusive of 640 acres of first-class land, in the Colony, can acquire or become the holder (except under pastoral or grazing lease) of any land under this law of 1892 in any part of the Colony, whether the land he now holds was acquired by purchase, marriage, will or intestacy." In other words, *no considerable landowner in New Zealand can acquire public land, and even acquirement from private persons is much narrowed and discouraged.* One who holds less than 2,000 acres (inclusive of 640 acres of first-class land) may acquire land up to the extent of 2,000 acres; but when he has 2,000 acres (including 640 acres of first-class) he can't get any more land from the State either by purchase or lease, nor by transfer of any lease or license made under the act of 1892, excepting only pastoral and grazing privileges. He can still accumulate realty by purchasing freeholds from A, B, C, etc., who have previously secured full title, but even then the progressive land tax and the resumption laws stand in the way of building any very large estate.

New Zealand is the pioneer in drastic limitation of holdings and transfers. These provisions constitute one of the main features of the Liberal laws and have had excellent effects in checking monopoly and securing division and use of the soil.

#### THE LEASE IN PERPETUITY AND THE NATIONALIZATION OF THE SOIL.

The land bill brought down by Premier Ballance and his Minister of Lands, McKenzie, in 1891, contained the true per-

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lower than 5 shillings an acre. The term is 21 years, with the right of renewal for 21 years more, at a rental of 2½ per cent on the capital value of the land. If the lessee does not wish to renew, he receives compensation for improvements from the incoming lessee. A lessee can hold only one such run, and he must not be a pastoral lessee, nor hold other land under freehold, lease or license of a greater area than 1,000 acres. The lease entitles the holder to grazing rights and to cultivate the run, but it gives no privilege of purchase, tho the lessee may select 150 acres adjoining and including his homestead and hold the same during the whole term of the lease. There are stringent conditions as to residence and improvements, failure to perform which is ground of forfeiture.

<sup>5</sup>First-class land is good agricultural land, worth 20 shillings (\$5) or more per acre, unimproved value; agricultural land below that value is second-class land.

petual lease on a 30-year term.<sup>6</sup> It passed the House, but was defeated in the Senate. In 1892 another effort was made to get the eternal lease, with revaluations at intervals of 50 years, but even that was amended out. As a compromise, McKenzie, with the advice of Ballance, introduced a new tenure, the lease in perpetuity (999 years), with an unchanging rent of 4 per cent a year on the value of the land at the time of taking the lease. McKenzie and Ballance were convinced they could not carry the perpetual lease, and thought it better to compromise on the 999-year flat lease and pass the other provisions of the land bill than to fight year after year for revaluations and pass no land bill. These tactics succeeded, and the Land Act of 1892, hinged upon the lease in perpetuity, but containing most of the land provisions the Government wanted, was enacted.

The abandonment of the cardinal principle of revaluations was a sore disappointment to many Liberals.<sup>7</sup> For 15 years the advance guard of the Progressive party had been struggling for a system of State leaseholds, with periodic revaluations and no right of purchase. Even after the compromise the friends of the perpetual lease hoped for a reopening of the question, but McKenzie, having once adopted the lease in perpetuity, stood by

<sup>6</sup> As we have already had occasion to note, South Australia has had since 1888 the perpetual lease, with revaluations every 14 years and no right of purchase, and in 1901, 7,143,000 acres were held in this way.

In 1895 New South Wales adopted the perpetual lease under the name of "homestead selection," subject to the obligations of perpetual residence and perpetual rent at 1¼ per cent a year on the capital value for the first 5 years, and after that at 2½ per cent, revaluations being made at intervals of 10 years. On a homestead selection of 640 acres, or one square mile of land, worth \$5 an acre, the rent would be \$40 a year for the first five years, and \$80 a year for the next five. The only improvement insisted on is a dwelling, but personal residence is required for five years; after that an agent might take the owner's place. The low rent proved so attractive that by 1901 3,519 homestead selections had been made, covering 1,390,000 acres, to which must be added about 25,000 acres occupied by holders under other tenures who have converted their holdings into homestead selections. Nevertheless, the area of State land sold at auction or allotted to conditional purchasers in New South Wales in 1900 was about twice the quantity taken on homestead selections.

<sup>7</sup> Not only Liberals were disappointed,—some of the leading Conservatives, like Rolleston and Captain Russell, opposed the flat lease substitution.

Rolleston said: "The original perpetual lease, as brought down by myself (as Minister of Lands in 1882), had as its object what I hold to be the essence of a liberal policy—the idea of deferred payments—the idea of preventing the aggregation of large estates, the idea of giving an advantage without competition with speculators, to men whose capital is their bone and sinew. . . . But the lease in perpetuity is practically a freehold (?) . . . There is no unearned increment coming in." (New Zealand Hansard, 76, p. 61; and see Vol. 42, p. 168.)

Captain Russell said: "Ministers have forced through an unwilling House the lease in perpetuity. I voted for the lease in perpetuity, tho I think the perpetual lease is worth half a dozen of it." (*Ibid* 85, p. 63.)



it. In the debate on the Repurchase Bill of 1894 he explained his position as follows:

"On three different occasions, the perpetual lease, with revaluations, was carried, and every time it was swept away. We can't establish it now, the Colony is not ripe for it. I was as much in favor of the perpetual lease as anyone, and left our party and helped Rolleston establish the first one (1882), but the right of freehold was given afterward, so it destroyed the perpetual lease.

... *"Why should these people and these alone be singled out? Why not fall back on the freeholders and say 'Let us have the unearned increment of your land which you have bought in the past'?"*<sup>8</sup>

We believe the real key to the situation is to be found in the words we have italicized in the quotation just made. With all its virtues, the eternal lease, with revaluations, has, under present conditions, three serious defects: *First* and foremost, so long as other tenures exist, its revaluations become a special class tax on one of the classes most deserving of exemption. *Second*, the new unearned increment arising during the 20, 30 or 50-year periods between revaluations would be left to go into the pocket of the tenant for the remainder of the term in which such new increment accrued. This defect would exist even if all the land in the Colony were held under the perpetual lease. *Third*, unless the perpetual lease could be made the only tenure on which land could be obtained from the Government, selectors might<sup>9</sup> choose the freehold, or some title leading to it, rather than risk the disturbance and uncertainty of the revaluations and the probability of losing a large part of the unearned increment that would come with the freehold, and to secure which it would pay to borrow and pay interest on the purchase money. The preference for the freehold would, under the optional system, defeat the fundamental purpose of retaining the ownership of the Crown lands in the State as a basis for the nationalization of the soil. Repeated defeat was not the sole nor the principal reason for McKenzie's abandonment of the perpetual lease. He was convinced that the unearned increment could more completely and more justly be taken by a

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<sup>8</sup> New Zealand Parliamentary Debates, Vol. 85, pp. 95, 96, 98.

<sup>9</sup> In South Australia the perpetual lease has proved very popular (see p. 134). But even with the still more advantageous flat lease, the freehold has still a good chance, as is shown by the figures of land selection in New Zealand cited below. To make the perpetual lease sufficiently attractive to oust the freehold under an optional system of selection, the rent must be put very low, and if that is done the State does not get the unearned increment, nor even fair interest on the capital value of the land.

gradual development of land-value taxation, which would act on freeholders as well as leaseholders at the same time that long-term, low-rental leases were attracting selectors away from the freehold and aiding the movement toward land nationalization.

So the 999-year lease, with a flat rent of 4 per cent on the land value at the start, was made the focal point of the Land Act of 1892, which passed the House September 13th by a vote of 21 to 4. Personal residence during the first ten years, substantial improvement, restriction to an area of one square mile or less in the case of agricultural land and the power given to the district land boards to veto transfers, were features of the tenancy. Its great advantages are that "it leaves the settler all his capital for improvements,"<sup>10</sup> gives him a tenure as secure for all present purposes as a freehold, and protects him for a year from execution for debt; while it leaves the fee in the State and adds that much to the nationalization of the soil. And tho it does not put the unearned increment in the public treasury, the State can always insist that a genuine working settler shall live on each farm, and the unearned increment can be taken by taxation as fast and as far as the diffusion of land ownership or the lack of it may justify and public sentiment may warrant.

The effort to make the lease in perpetuity a popular tenure was successful.<sup>11</sup> The provisions requiring allotments in village settlements, special settlements, improved farm settlements and repurchased estates to be on lease in perpetuity, together with the option given to selectors to take Crown lands on the

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<sup>10</sup> In 1892, when the perpetuity system was established, money cost 6, 7 and 8 per cent, and a rental of 4 per cent, with no debt, was a tremendous advantage to the man of small means. Now, however, money can be borrowed at the Government Loan Offices for 4½ per cent, with 1 per cent more to pay off the principal; 5½ per cent squaring the debt in 36 years, so that the perpetuity rental of 4 per cent is not so far in the lead as formerly. It must be remembered, however, that one who has no other property can borrow only part of the value of the freehold. For one who needs to save all that is possible in present expense, or one who does not wish to go into debt, the lease in perpetuity still offers great advantages over the freehold.

For the man of means also, who does not wish to speculate in the land, the lease is attractive, since he may invest the money he would spend for a freehold in such a way as to yield 8 or 10 per cent or more in business, and pay the Government 4 per cent of it for the land he takes. On the other hand, if the man of property chooses to borrow the price of the new freehold from the Government, his 5½ per cent for 36 years will be only a small part of the total rentals at 4 per cent a year for 999 years, to say nothing of the next 999, and the next, etc.

<sup>11</sup> The Report of the Land Department for 1893 says: "The cash sales are ⅓ of what they were 10 years ago, while the perpetual lease and lease in

same tenure, have resulted in giving the perpetuity system the leading place in the land transactions of recent years. "Most of the Crown lands are now disposed of for 999 years," says the Year Book of 1901.

The accompanying table, collated from the data of the Year Book of 1902, shows that about 1,694,000 acres have been taken on perpetuity lease in the last nine years, against 1,220,000 acres in freehold and occupation lease combined; and the number of selectors in perpetuity is 9,287, against 8,535 total for the other two systems. Nearly three-quarters of the 1,694,000 acres is land which selectors deliberately preferred to take up

Public Lands Selected, 1893-1902.

Year ending March 31	Lease in Perpetuity		Freehold		Occupation with right to purchase, or exchange for lease in perpetuity.	
	Number of selectors	Acres selected	Number of selectors	Acres	Number of selectors	Acres
1893	1000	213,237	552	86,327	161	51,271
1894	1228	255,348	497	81,999	461	108,133
1895	1033	150,419	392	34,695	398	75,478
1896	1461	199,093	476	26,575	431	84,968
1897	966	141,570	388	28,485	277	59,648
1898	782	128,855	276	22,525	380	81,414
1899	862	167,094	534	37,400	158	109,950
1900	775	162,719	491	23,936	305	117,771
1901	606	147,602	363	58,700	673	262,729
1902	574	118,988	189	27,290	447	128,803
	9287	1,693,975	4451	331,032	4081	884,155

The first entry, 1893, relates to about six months, September, 1892, to March 31, 1893. About 445,000 of the 1,693,975 acres taken in perpetuity consists of allotments in settlements (village, special, improved farm), repurchased estates, etc., which could not have been taken on any other tenure.

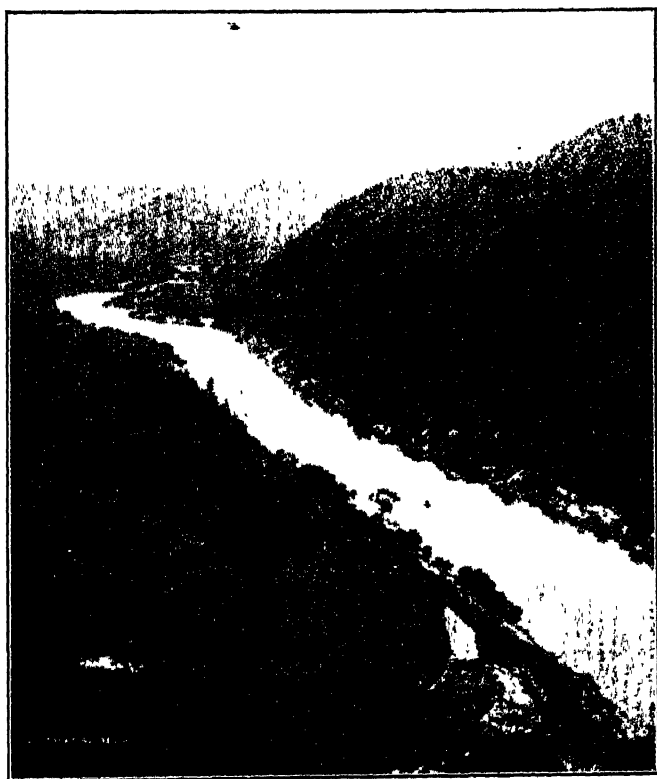
as tenants in perpetuity, for they could have bought the same land on cash sale or on conditional and deferred purchase. Even in the case of the remaining quarter, the selectors could have taken other land on freehold title, or lease that might lead to it, instead of choosing settlement allotments in perpetuity.

Transfers of public land for cash and for future purchase are still going on,<sup>12</sup> but most of the land sold in the last twelve years has gone to working farmers. Speculation and monopoly have been checked; the lease, under State ownership, has become the dominant method of selection, and a substantial

perpetuity together have increased 39 fold in the 9 years since the first of these systems was introduced."

<sup>12</sup> In ten years, 1891-1901, the area held in freehold in New Zealand increased from 12,000,000 acres to 14,000,000, partly through cash sales and the completion of deferred payments, but chiefly through the change of "perpetual leases" into freeholds under the law of 1882. (See Chapter on The Struggle for the Soil.)

beginning has been made in the nationalization of the land. So much at least may be credited to the *general* land system of the Liberal Government, but the most conclusive victory over the great monopolists has resulted from the *special* act to which the next chapter is devoted.



PARIKINO REACH  
On the Wanganui River, North Island.

## CHAPTER 40.

### STATE RESUMPTION OF LARGE ESTATES.

One of the vital elements of the land policy of the Liberal Government was compulsory repurchase of large estates for division and close settlement. McKenzie brought in his first repurchase bill in 1891,<sup>13</sup> but for three years his efforts were defeated in the Senate.

It is true that the provisions relating to the taking of land by the State in case of a disagreement as to its assessed valuation, which have already been cited from the Laws of 1885, were restated in the Assessment Act of 1891, and it was under these clauses that the first giant estate, Cheviot, was resumed. But this power could only be used in case of disagreement as to the valuation of an estate for taxation.

In the second year the right of repurchase by voluntary arrangement was accorded. The Land for Settlements Act (of 1892) authorized the Governor to acquire any land by contract with the owner, to be disposed of in lots not exceeding 320 acres, and only on lease in perpetuity, at 5 per cent rental, whether it was rural, suburban or town land. Other resump-

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<sup>13</sup> State repurchase was not a new idea. The Land Act of 1885 authorized the Minister of Lands to buy, by arrangement, small sections for village settlements, and the tax law authorized purchase in case of disagreement as to valuation. The land-act clause was spoiled by a provision that no bargains under it should be valid till ratified by Parliament. People are not anxious to sell land if the transactions are to be hung up for months and shot at by politicians and editors. In 1887 Ballance, as Minister of Lands in Stout's Cabinet, brought in a bill to authorize him to buy land *compulsorily*, for the purpose of settling landless men and extending his village settlements. The bill was not passed, for the Progressives, tho in office, were not in power, the landlords controlling Parliament whenever their interests were affected.

The first repurchase act was passed in New Zealand in 1892. Queensland followed in 1894; West Australia in 1896; South Australia in 1897; Victoria in 1898; New South Wales in 1901. All these are voluntary sale and purchase laws. The only compulsory purchase act is that of New Zealand, 1894, with amendments and consolidating act of 1900. In New South Wales land repurchased by the Government is to be leased for 99 years on a rent revised every 20 years. In New Zealand the State keeps the fee-simple and leases for 999 years without revaluations. In the other colonies no effort is made to keep the freehold in the State.



HON. JOHN MCKENZIE.

THE GREAT LAND MINISTER OF THE LIBERAL CABINET.

*He waged untiring war against the selling of public lands; established the right and the practice of compulsory resumption of large estates by the State; gave preference to the landless in leasing public lands; and sought in every practicable way to aid the nationalization of the soil, and the distribution of the use of it among as large a number of moderate holders as possible.*

tion clauses were contained in the Land Act (1892). But the lack of compulsory power made the working of the law quite unsatisfactory. Nearly a million acres were offered under it to the Government in 1893, but much of it was poor and unsuitable, and the price asked for the rest was usually excessive.<sup>14</sup> It was not till 1894 that the principle of compulsory purchase of large estates was enacted into law, so that the Ministry had effective means of making the monopolists disgorge at reasonable prices.

#### CHEVIOT.

While McKenzie was working for a compulsory repurchase clause, a dispute arose between the Tax Commissioner and the trustees of the Cheviot Estate as to the valuation of the property for the land tax. It was an estate of 84,755 acres on the east coast of the Middle Island, a compact block of about twelve miles square, spreading from a range of hills called the Lowry Peaks to the sea coast; bounded north and south by broad rivers, between which lay fertile valleys, hills and plains, open, grassy, accessible—one of the finest pastoral estates in the Colony.

Till 1892 it was the property of one man, the home of one family, with its flocks and shepherds. "Ready-Money Robinson," as the proprietor was called, owned as far as he could look from the mountains to the sea and from river to river. There were only about 80 human beings on the land, with some 80,000 sheep. It had been bought in the early years at ten shillings an acre (\$210,000 for the whole) under George Grey's cheap land regulations of 1853. The owner had made extensive improvements. The mansion house was surrounded by gardens and orchards. There were magnificent plantations of pine and a great deal of fencing, an important item in New Zealand.

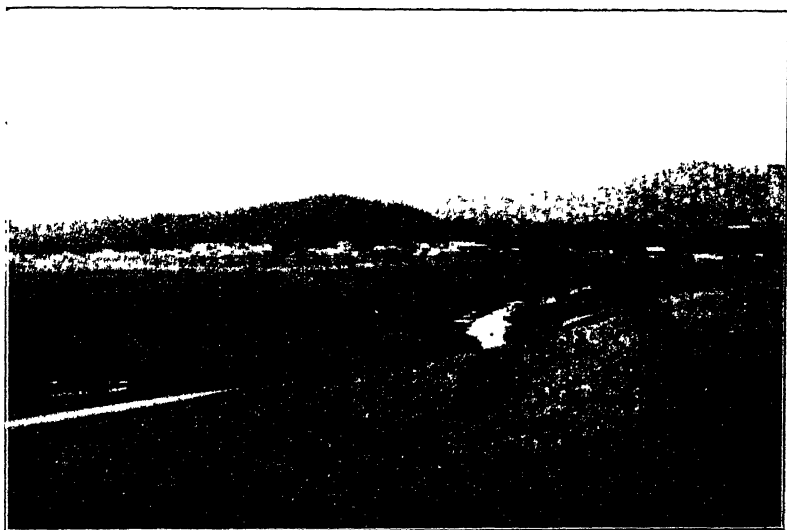
The Tax Commissioner assessed the property in 1892 at \$1,524,130, valuing the improvements at \$271,500 and the land at \$1,252,630. The trustees, in whose hands the estate then was, returned the value as \$1,301,100—\$300,250 for improvements and \$1,000,850 for the land—a difference of more than \$250,000

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<sup>14</sup> The chief property taken under the voluntary act of 1892—the Pomahaka estate of 7,000 acres, bought in 1893 for \$17 an acre—was, and still is, the worst bargain that McKenzie made. It was not good land, and too much was paid, but fortunately this instance stands almost alone in the history of land resumption in New Zealand.

in the land value. The trustees insisted that the property was worth no more than their return. In case of such a disagreement, as the law then stood, the owners or trustees could require the Government to reduce the assessment or purchase the land at their valuation. The trustees availed themselves of this provision, and called on the Taxing Department to cut down the assessment or buy the property at \$1,301,100.

The Board of Reviewers sustained the valuation of the Tax Commissioner, and the decision then rested with the Cabinet. The Ministers had four separate valuations made. All were much above the trustees' figure. They decided to buy Cheviot.



CHEVIOT.

*Where till 1893 one man owned as far as he could see. Now owned by the State, cut up into homes and farms for 1500 people (380 families), and its productive power increased 14 fold.*

An Order in Council to that effect was passed December 9, 1892, and the transaction was completed April 19, 1893, when the conveyance was signed and payment made. Before the year was out McKenzie was approached by a syndicate with an offer to the Government of \$200,000 bonus on its bargain. But the Government was not seeking money, but the division and settlement of large estates, and the offer was refused.

The purchase was made profitable at once. The houses, grounds and pastoral lands were leased temporarily at nearly



4 per cent on the total cost, while the surveyors laid out roads and divided up the estate. The mansion house, with 5,000 acres round it, was resold to a member of the former owner's family for \$125,000 cash. A few thousand acres more were parted with for cash to reduce the prime cost. But 75,000 acres were retained and leased; the better land in small farms for 999 years, and the pastoral land in grazing runs. The land was cut up into farms of 50 to 100 acres, grazing runs of 1,500 to 3,000 acres, one township and three village settlements. Roads were made wherever needed, and a railway line was surveyed through the estate. The settlement was a success from the start. In six months 560 people had been provided with land or work on the estate, and 163 laborers were working coöperatively making roads and cutting up the land ready for further settlement.

Cheviot, which in 1893 had only one family, with its attendants, now has a population of more than 380 families, numbering some 1,500 people.<sup>15</sup>

The rents are paying the Government over  $5\frac{1}{2}$  per cent on the investment, which is so much beyond the interest ( $3\frac{1}{4}$  per cent) that the estate will pay for itself in less than 20 years. The net cost has already been reduced from £325,000 (for land, roads, etc.) to £243,440. The rents amount to \$70,730, and the interest to \$44,330, leaving a profit of \$26,000 a year. The arrears of rent are less than \$4,000 for the whole 9 years.

The greater productivity of McKenzie's closer-settlement plan is shown by the fact that the estate has gained in productive power 14 fold.

#### EFFECT OF THE EXPERIMENT. ELECTIONS OF 1893.

The dramatic effect of the Cheviot purchase was felt throughout the Colony. In the elections of November, 1893, most of the opponents of compulsory purchase went down. McKenzie came back with a mandate that the Senate respected, and before the end of 1894 his Compulsory Repurchase Act was on the statute book,<sup>16</sup> and the department was authorized to spend

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<sup>15</sup> About three hundred families are tenants of the State; the rest represent the cash purchasers of town sections and the mansion place. (See *Year Books*, 1895, p. 266, and 1902, p. 442.)

<sup>16</sup> The "Land for Settlements Act, 1894," passed the third reading in the House by a vote of 40 to 13, yet it was one of the most vigorously contested of New Zealand's progressive bills. It was a death blow to land monopoly,

\$1,250,000 a year in buying land, an amount that has been raised to \$2,500,000 by the consolidating and amending act of 1900.

THE PRESCRIBED MAXIMUM. DIVISION OF RESUMED ESTATES.

A "prescribed maximum" area<sup>17</sup> is fixed by the law in respect to each class of land, and a much smaller maximum in the case of land within five miles of a city. And if any person or company has more than the prescribed area the Government can take, by compulsory process, the excess above the prescribed area, or the whole block if the owner does not want it divided.

The lands acquired by resumption must be divided, and cannot be disposed of by sale, but only on lease in perpetuity. The rent is 5 per cent on the land value, as estimated at the beginning of the lease; and if at any time, for sufficient cause, the lessee is unable to pay, the Minister may remit a year's rent. The Consolidation Act of 1900 empowers the Commissioner of

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and the monopolists knew it. The progressive taxes were bad enough, but this was a Waterloo. The land tax suggested the division of large estates with unpleasant emphasis, but this meant direct and specific performance.

Some of the objections were as follows: 1. The monopolists and their friends declared it was "robbery and jobbery." 2. It would increase the public debt (which was true, but it has increased the public assets and resources still more and netted a large profit to the State). 3. It would abolish the freehold (it does not touch small or moderate freeholds). 4. The State tenants in a year or two would cease to pay their rents, or bring political pressure to bear to have them reduced. (Nothing of the kind has happened, or is likely to happen, because the interest of the great body of tax payers will hold the tenants to the fair payments they agreed to make, except that, if misfortune befalls a tenant, some temporary concession may be made, adapted to the special case.) 5. The spokesman of the Single-taxers saw in the bill a scheme for putting huge sums into landlord's pockets, while the landlords complained, on the other hand, that (6) the bill would harass and destroy the large land holders. (It has only compelled them to give up the excess of their holdings upon fair compensation.) 7. Many Progressives objected to the lease in perpetuity without revaluations. 8. Some members thought the farms would be too small; others said they were too large. 9. There was no need of the bill; the State had plenty of unsettled land, and the Maoris still held 7,000,000 acres, most of which they did not use. 10. Such compulsion was contrary to the spirit of free institutions (all law is compulsion in one form or another, and every court a tribunal of compulsory process. The sole question was whether the particular compulsion in this case was requisite for the public good).

In spite of all objections, McKenzie kept steadily in view the important purpose of breaking up the big estates and providing land for closer settlement at the points where the people wanted it, and these considerations carried the day—the principle of compulsory resumption was established.

<sup>17</sup> The prescribed maximum is 1,000 acres of first-class land, 2,000 acres of second-class land, and 5,000 acres in case of third-class land, except as to land within 5 miles of one of the four big cities (Auckland, Wellington, Christchurch, Dunedin), then the prescribed area is 200 acres, no matter what class the land is. The "prescribed area" is not the limit of the amount that may be taken by the State, as some suppose, but the limit of area that a man can hold without being subject to the compulsory resumption laws. (Land for Settlements Acts, 1894 and 1900.)

Crown Lands and the Receiver of Land Revenue to grant, at their discretion, to any tenant not in arrears a rebate of 10 per cent on any instalment, in order to encourage punctual payments. Where tenants take land with buildings thereon, they have to buy the buildings by half-yearly payments, extending over a term of years, and in the meantime pay interest on their value at 5 per cent.

#### PREFERENCE FOR THE LANDLESS. WORKINGMEN'S SUBURBAN HAMLETS.

In 1896 it was provided that the *landless should have the preference* in applications for land under the land-settlement acts. And special provisions were made for workingmen's homes, with advances to help them build. It is one of the Premier's earnest purposes to take the workingmen out of their huddled quarters in the cities and put them in suburban homes, with an acre or two of land to each house, frequent workmen's trains and rent at half the price they are paying now for stuffy tenements in the towns, with a death rate far exceeding that among the well-to-do. Land within any borough (city or town) of 15,000 or more inhabitants, or within fifteen miles from its boundary, may be taken under the law by compulsory process for workingmen's homes. A man may take one lot not exceeding five acres, and Government advances up to \$250 will be made to aid him in fencing, planting and building a home.<sup>18</sup>

#### LAND RESUMPTION LAWS IN OPERATION.

In the last three years over fifty large estates have been resumed, with an area of 230,000 acres, including a number of districts for workmen's homes. Since its commencement, in 1892, the total purchases under the "land for settlements" plan aggregate 120 estates, containing 480,000 acres, and costing \$11,000,000.<sup>19</sup>

<sup>18</sup> See Land for Settlements Act of 1900, consolidating the original act of 1892 and amendments, 1894, 1896, 1897 and 1899. The Government not only believes in the perpetual lease, but in the perpetual revision and improvement of its social policy laws.

<sup>19</sup> Including Cheviot, about 560,000 acres have been bought, at a cost of 12 million dollars, or about \$20 an acre on the average for land and improvements. The 26,350 acres of the Hatuma estate (the one McKenzie had such a fight over with the compulsory process) cost the Government about \$30 an acre. The 47,865 acres of the Waikakahi estate cost a little over \$30 an acre, while the 32,385 acres of the Starborough estate cost only about \$15 per acre. A dozen *giant* estates, worth £50,000 or more apiece, have been resumed

Compulsion was used only twice by McKenzie in the whole of his administration, from the passage of the law till the middle of 1900. Two more estates were compulsorily taken in 1901, making four cases altogether, or less than 4 per cent of the estates repurchased.<sup>20</sup> One of the properties McKenzie took by compulsory process belonged to an absentee, living in Scotland, who did not wish to sell; was determined not to sell, and fought the case hard to keep the land. He did not succeed, but in this and each of the other three cases of compulsion the Compensation Court has awarded the resisting owners better terms than the Land Department had offered them.

In the vast majority of cases the possession of the power of compulsion, together with the pressure of the graded tax, is sufficient, without direct use of compulsory process. In fact, many more estates are offered than are accepted by the Government. In 1901-1902, for example, 110 estates were offered by their owners; 29 were accepted, and agreement was reached as to terms and the purchase completed in 24 cases. The following table gives the facts for the last three years:

Year ending March 31	Number of estates offered	Number accepted	Number bought	Area offered acres	Area bought acres	Price paid
1900	57	28	19	381,213	79,889	£253,718
1901	73	29	14	315,612	70,961	850,351
1902	110	29	24	452,518	82,887	108,576

For workingmen's hamlets 8 properties were purchased last year near large cities. The *total area acquired* under the Land for Settlement Acts<sup>21</sup> to March 31, 1902, for all purposes, was 448,350 acres, of which 418,722 acres had been surveyed and opened for public selection; 386,529 acres had been taken up

by the State and divided; Cheviot, \$1,301,000; Waikakahi, \$1,580,000; Hatuma, \$710,000; Starborough, \$500,000, and eight other estates, valued at \$300,000 to \$400,000 each,—making up a total of about 7 millions, which leaves 13 millions of the 20 millions decrease in estates of this class noted in the chapter on Taxation,—the rest of the decrease being probably attributable to the graded tax, which has also acted as a stimulant, or, perhaps more properly, an emetic, in many cases of disgorgement under the repurchase acts.

The Government is negotiating the purchase of several other great estates,—the Flaxbourne estate, of 55,000 acres; the Levels estate, of 43,000 acres, etc.

<sup>20</sup> There are five more estates the Government intends taking compulsorily, and in three of the cases the requisition has been served.

<sup>21</sup> Cheviot, with its 84,000 acres and 380 selectors, is not included in the figures of this paragraph, as it was not taken under the Land for Settlements Act.

and were held under lease by 2,033 selectors in place of the former 107 owners. The area occupied by roads and public reserves was 8,069 acres; the area unlet was 24,124 acres, and the area acquired but not opened for selection, because the survey was unfinished, was 29,649 acres.

#### PROFITS TO THE STATE.

The profit of the Government from land repurchase has been large. At the end of March, 1902, the expenditure for land had been £2,117,352, and £112,000 had been spent in road making, surveys, etc., making a total capital value of about \$11,000,000. The rents paid in during the year amounted to \$450,000, and the interest paid by the Government was \$334,000, leaving a profit of \$116,000, to which the profit on Cheviot<sup>22</sup> must be added, making a total of \$142,000 for the year. The rental fixed on the lands open for selection, but unlet, in 1901 amounted to \$10,000 (one-third of which was debited to Pomahaka.)<sup>23</sup> The total rent in arrears was \$41,350, and was \$5,390 more than the previous year. The total revenue for 9 years is £303,105, and the surplus, or net profit, is £89,377, or nearly \$500,000; and with the Cheviot profit<sup>22</sup> a good deal more than \$500,000, without counting the reserves, improvements, land not yet surveyed or leased and the increased productivity of the 460,000 acres (including Cheviot) that were let to genuine settlers and cultivators.

#### HONEST AND CAREFUL ADMINISTRATION.

The Government proceeds carefully in this important experiment. The initiative rests with the Minister of Lands, who directs the Land Purchase Inspector to examine lands and the Board of Purchase Commissioners to negotiate for their purchase. Unless the Board, after inquiry, recommends the purchase, nothing further can be done, nor can the Government offer more than the Board advises. On the other hand, it need not buy because the Board recommends the purchase. Each purchase must be ratified by the Governor in Council, and in

<sup>22</sup> The Year Book returns for land purchase under the Settlement Acts do not include Cheviot, which was taken under the tax laws. The yearly profit of the Government on Cheviot is now \$28,000, as we have seen above.

<sup>23</sup> See Note 14 above.

practise is also considered by the Ministers in Cabinet, with which, in fact, rests the real decision. Every acquisition is carefully scanned by numerous critics; every fault that can be found is promptly and vigorously found, and every complaint that can be made is made over and over again, until it is finally threshed out in Parliament.

Mr. Reeves, who has watched the experiment from the beginning, and can be relied on for just and candid criticism, whether the matter under consideration is a move of his own Liberal Party or of the Opposition, says that "a satisfactory amount of caution has been shown in selecting the land for settlement. . . . The settlements—save two or three, and these not the largest—are bright and encouraging sights."<sup>24</sup>

The United States Consul to New Zealand says:<sup>25</sup>

"The opposition to this act (compulsory purchase act) so far as its administration up to the present time is concerned, was utterly groundless.

"The utmost care in purchasing large estates for settlement purposes is observed. The Government has a number of practical expert valuers who report the properties which are found to be suitable for agricultural purposes. The property is subdivided, roaded, and improved, after which it is offered to the public in small areas at an annual rental of 5 per cent on the capital value of the land. The money paid for these estates is borrowed by the Government at 3 per cent thus leaving a difference of 2 per cent.

"This act, when honestly administered, as it is now, has many merits: it relieves the large landowner from the burdens of the graduated tax, *it increases the wealth-producing and tax-paying power of the people by making the earth yield what nature intended it should yield, and it provides homes for many thousands of people upon most reasonable terms who could not otherwise even hope for a home of their own for years to come.*"

#### PETITION FOR RESUMPTION.

When the people of any locality would like to have more land for settlement, they petition the Government to resume some large estate in the neighborhood. As a rule, it is not difficult to arrange with the owners for purchase. The pressure of the graduated tax produces a desire to unload large properties. In several cases the owners offering property for sale have not

<sup>24</sup> State Experiments in Australia and New Zealand (1902), Vol. 1, pp. 288-289.

<sup>25</sup> U. S. Consular Reports, 1897, Vol. 53, pp. 30, 31.

concealed the fact that they were afraid of the progressive tax. Now and then the rich man says in substance: "I sell because if I don't you'll take it by and by."

The owner often exercises his right to keep his home and a fair area of land around it. Bonds may be accepted by the owner for the estate in whole or in part. Whatever money is needed by the Land Department for such purposes may be obtained from the Postal Savings Banks, or the Life Insurance Department, or the Public Trustee, or by foreign or domestic land loan.

#### DIVISION OF ESTATES. APPLICANTS, QUALIFICATIONS, BALLOTS AND PRECEDENCE.

When the land is subdivided, applications for the sections are in order. Then the applicants must undergo examination as to their means and fitness, and finally the decision among the approved applicants for each farm or section is made by lot. Sometimes there have been over a hundred applications for one piece. For 39 sections in one case there were 2,500 applications. The 26,000 acres of the Hatuma estate were divided into 58 farms, and every one of them was snapped up the day they were put on the market.

The Land Board questions each applicant as to his or her age, family, occupation, experience, means, and present holdings of land.

As the law gives preference to the landless, one who has no land or insufficient land for his support, or for a home in case of town or suburban land, takes precedence over applicants who have sufficient land for these purposes. Preference is also given to the men employed on the estate. This is intended to enable the workers to save their homes. In one case a laborer who had been on the estate for 24 years applied for a section when the property was divided. He had as his substitute for cash 150 sheep, 7 horses, a few cows and some furniture. "Any amount of money I want I can get," he said. He and the shepherd, who had been on the estate 30 years, got the land for which they applied—on which they had been living—without having to undergo the chances of drawing lots.

In these divisions of resumed estates the applicants must have sufficient means to satisfy the Board that they will be able to

work the land profitably. Such means may consist of stock, agricultural implements, machinery, etc., or financial resources with which to procure them. The rule is that each applicant must have \$5 in cash or its equivalent for each acre he takes. One applicant, while being questioned as to his resources, was asked if he had any incumbrances. He replied: "Three children."

Mr. Lloyd, attending one of the ballotings in 1899, had the good fortune to be chosen by the people as their "Scrutineer"—the representative of the applicants, who draws the ballots or lots bearing the numbers of the applications and announces to the people the successful number in the case of each section. Three rosy dairy maids were among the applicants, all balloting for the same section, in order to increase the chances that some one of the family might get it. On calling out the number after one of the drawings, Mr. Lloyd had the pleasure of seeing a delighted smile on the face of one of these young women, and knew the dairy maid had got her farm.

#### LEASE, RENTAL, RESIDENCE, IMPROVEMENTS.

The successful applicant receives a lease in perpetuity. Some of the farms at Cheviot were first put on sale for cash for the freehold. No one wanted them on those terms, and they remained unsold at considerable loss. At last the Department offered the farms on lease, and immediately received many more applications than there were farms. The people dislike the freehold, because it takes away their capital, instead of allowing them to keep their funds to operate the farm, and because it offers them no protection against attachment for debt.

The rent charged by the Government is frequently much lower than that exacted by private landlords. For example, a Scotchman in one of the settlements, who is now a tenant of the Government, pays 10½ shillings an acre for land on which the private landlord used to charge 15 shillings rent per acre; and a neighbor, who also used to pay 15 shillings, now pays but 7. The Government does not aim at profit, and is content with a moderate rent. The private landlord, as a rule, takes all he can get.

The lessee must reside on the land and make improvements upon it. Where the settlers are employed by the Government



in making roads, etc., they must make improvements in proportion to the wages they receive. Single men must improve to the extent of one-half their wages; married men to the extent of one-third. The preference for married men is shown also in giving out public work, and is really a preference for children and family life.

#### VALUE OF THE PLAN.

The land resumption scheme is an excellent investment in farm and city properties, not only affording comfortable homes for the common people, but forming a permanent and valuable part of the national assets.

It gives the Liberal Government irresistible control over land monopoly, and constitutes a vigorous addition to the means of securing the nationalization of the soil.



LAND FOR THE LANDLESS.

## CHAPTER 41.

### GENERAL RESULTS OF THE LIBERAL LAND POLICY.

Before the election of 1890 the tide of population was from the country toward the cities ; but the new land policy has turned back the movement of the people toward the soil. The holdings have increased over 60 per cent. Instead of one man in four being the holder of farming lands, as was the case a dozen years ago, one man in two is now the holder of rural lands. Best of all, it is not the few rich, but the many comparatively poor who have been the gainers by the land policy of the Liberal Government.

The United States Consul says :

"It is an undoubted fact that it has been the aim of the Government for many years past to relieve as much as possible the congestion in the large cities by affording every possible facility toward placing men on the vacant lands of the country. This accounts for the numerous systems under which lands may be taken up. The whole aim has been to encourage the occupation of the land and thereby stimulate a spirit of thrift and manly independence in those who are otherwise almost wholly dependent."

"Through sheer force of character and unceasing perseverance many a man who is now living in comparative independence, cultivating his own piece of land and rearing and educating his family, could never have known the blessings of such a home were it not for the bounty of the thoughtful Government, which placed the land so easily within his reach."

Mr. Epps says :

"The policy of the Colony, tho a bold one, and one which proceeds far beyond what have hitherto been deemed safe lines, is prompted by an apparently genuine desire to place the people on the soil. . . . The land policy of the Colony is mainly designed to prevent the building up, and bring about the subdivision of, large estates, and to make the land available for men with small means, yet in such a manner that they must either remain upon it and make the

best use of their holdings or give them up, while the popular favor also tends towards non-alienation and perpetual leasing from the State."

Edward Reeves, writing in the *Westminster Review*, Vol. 141, says:

The statute of 1892 "takes us another step toward the acknowledged goal, the nationalization of the lands which are still in the possession of the State, or through purchase from the natives or private owners, are to be ultimately brought into its possession. The freehold cash buyer is discouraged by improvement, residential, and limitation clauses. The lease, with revaluations and right of purchase, is changed to the lease in perpetuity, and the gathering in of that portion of the unearned increment which the State may need from time to time from all alike, is relegated more equitably to the land-tax, and to kindred measures such as the betterment-tax, by which it is proposed to tax the augmentation in the value of lands resulting from the construction of railway lines or other public works."

Henry R. de Walker says that through the graded tax and the repurchase laws "*the large estates are doomed to extinction*, except in the case of certain kinds of pastoral land (not good for anything else). The Government aims at the multiplication of small owners or perpetual lease holders."



A NEW ZEALAND SETTLER'S HOME.

## CHAPTER 42.

### PANICS PROHIBITED.

The panic of 1893 struck Australia on time, and struck it hard. In six months' time half the great financial concerns of the continent went under,<sup>1</sup> dislocating industry, shaking public credit, and causing industrial calamity exceeding anything known in colonial history for half a century.<sup>2</sup> But when the panic sailed into the harbors of New Zealand it found itself quarantined. Its coming had flashed before it, as when a criminal flies from justice, and the country was prepared. A legal-tender act had been passed, regulating the currency and putting the credit of the Government behind the banks. It authorized the banks to issue a dollar of circulation for every dollar of property they had in excess of what they owed, and obliged the Treasury to give gold for the notes upon demand. In other words, the Government offered to guarantee all the notes of the banks, and to cash in gold their surplus assets to the last dollar if necessary.

The Ministry was ready to go further if need be. The Premier said in Parliament that "the Government would not allow any bank in the Colony to fail," and the statement was received with cheers on all sides of the House. But the offer of relief made relief unnecessary. Prices were low and times were dull, for New Zealand could not keep off the effect of falling European markets on her exports; but there was no crisis. And for another whole year, till June, 1894, "the smooth current of New Zealand business went on without a ripple, while all the rest of the world was passing through failure and liquidation."

Then it was discovered that, owing to mismanagement, the New Zealand Bank, a private institution, and the biggest in

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<sup>1</sup> Mr. Lloyd's statement.

<sup>2</sup> Annual Register, London, 1893.

the Colony, was on the verge of ruin; the financial system was in danger of heart failure. Parliament voted \$10,000,000 to save the bank; put at its head as president a representative of the public interest, with a veto on all transactions, and subjected it to the scrutiny of a public auditor. This gave the Government practical control of the bank. A \$13,000,000 guaranty was voted by the State, and \$2,500,000 for stock, making it the largest owner in the great bank, which is to New Zealand what the Bank of England is to Great Britain. One of the directors was appointed by the Governor in 1895, and in 1898 the board was reorganized, the office of president being abolished and the management put in the hands of six directors (in place of five directors and a president), four of whom are appointed by the Government and two elected by the ordinary shareholders.

New Zealand had had her postal savings banks since 1865, but the credit system was a private monopoly till the Government loan and banking acts of 1894-1895. Then the Government went into the credit business, and did it on such a scale as to rule the market, overturn the monopoly, and transform the credit system into a public utility, controlled and owned and operated by the State, to the great advantage of the people.<sup>3</sup>

The Annual Register, a capitalistic publication in London, decidedly hostile to New Zealand's Liberal policy, says that "all the Australasian colonies except New Zealand" were visited in 1893 by "a wave of commercial adversity, which seems to have overtaken all the world." It describes "the great financial crisis as the leading event of the year in Australasia," and, after some details about the tremendous runs on the banks and their failure by the wholesale, it continues:

"The public revenue in all the colonies—New Zealand alone excepted—was necessarily affected to the overthrow of all financial calculations. In every colony there was a deficit, which grew at a rate so alarming as to tax the ingenuity of the Governments to the utmost.

"The leading feature of the year's history in New Zealand is the cheerful condition of her finances. Alone among the colonies of Australasia, New Zealand suffered no check in her onward progress

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<sup>3</sup> A similar control of the credit system of the United States, by our Government, would mean the control in public interest of a system involving nearly six thousand millions (\$6,000,000,000) of loans and credits, with the power of fixing the rates of interest and adjusting the volume of credit to the need of the time, so as to banish panics from our soil, as New Zealand has done from hers.

Altho the Government made several large strides forward in that perilous policy of State Socialism, to which New Zealand is now more than any other colony committed,\* all was prosperity with increase of revenue and a steady growth of production."

The contrast between New Zealand, with her anti-panic, public-ownership remedy, and the situation in Australia, is shown by Mr. Lloyd as follows:

**Before and After the Panic.**

Banking Deposits, 1891, compared with 1897

		GAIN. £	LOSS. £
Bank Deposits	{ New South Wales		2,874,517 ( 6%)
	{ Victoria		12,441,078 (24%)
	{ New Zealand	2,461,345 (14%)	
Imports	{ New South Wales		3,639,047 (15%)
	{ Victoria		6,255,126 (29%)
	{ New Zealand	1,551,374 (22%)	
Exports	{ New South Wales		2,192,948 ( 8%)
	{ Victoria	732,927 ( 4%)	
	{ New Zealand	450,596 ( 5%)	
Public Revenue	{ New South Wales		731,936 ( 7%)
	{ Victoria		1,546,125 (19%)
	{ New Zealand	885,288 (21%)	

The result is all the more remarkable from the fact that if the private managers of the New Zealand Bank had been left to themselves the Colony would have had a first-class panic. The bank was rotten to the core, and would certainly have failed if left to itself. And if it had been allowed to fail the industries of the Colony would have been paralyzed. Moreover, the bank was not only insolvent, it was saturated with fraud. The corporation directors had been paying dividends which were not earned, and large losses had been incurred through loans the directors had made to themselves, not only on insufficient security, but under circumstances which, when the facts became known, caused some of the stockholders to threaten criminal proceedings.

The democracy prevented the panic the private banker had prepared, and has managed all the millions of cash and credit with "absolutely no corruption, political or ministerial."<sup>5</sup>

\* It is not committed to State Socialism at all, as we shall see hereafter.

<sup>5</sup> There was at one time an erroneous suspicion of Ministerial misconduct in connection with the affairs of the Hon. Sir J. G. Ward. Mr. Ward was elected to the House in 1887, and was appointed Postmaster-General in the

New Zealand has a bank the people know all about. She owns in her own right the most important piece of machinery in the commonwealth, the heart of the financial system, on which largely depends the inflow and outflow of the country's commercial blood, an economic function hardly less important than the national defense against a foreign foe.

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Ballance Ministry. He was Minister of the Post and Telegraph from January 24, 1891, till his resignation, in 1896, and was very energetic, progressive and popular. Many improvements in the service were made during his term of office: the reduction of telephone-exchange rates and telegraph-cable charges; the introduction of £5 postal notes, and letter cards; liberal amendments in the commercial and printed-paper post, and other material reductions in the postal rates, as well as the introduction of sixpenny (12-cent) telegrams. The Classification (of civil service) Act for the Postal and Telegraph Department was also passed during Mr. Ward's control of the department. This excellent record and the Minister's courtesy and ability as a Parliamentarian won for him great confidence. During the banking legislation of 1894-1895 he was Colonial Treasurer and Minister of Industries and Commerce, as well as Postmaster-General and Electric Telegraph Commissioner. As Colonial Treasurer he was in London in 1895, and raised the first loan of one and a half millions sterling under the Government Advances to Settlers Act. In short, with the single exception of the Premier, no Minister was more vitally connected with the Colony's political and administrative life.

June 16, 1896, he suddenly resigned his office, "in consequence of private financial difficulties, into which he had fallen by unfortunate speculations of his own." (Gisborne, *Rulers and Statesmen*, p. 290.) As soon as this was known a storm of public scandal arose; suspicion was sown broadcast, and Mr. Ward was assailed with charges of having prostituted his political position to his own private gain in the banking operations of 1894-1895. The truth was that his failure was evidence that he had not used his position. If he would and could have used his political power for private ends, he would have achieved riches instead of bankruptcy. Two committees, one of the House and one of the Legislative Council (the latter elected by ballot, and with a majority of its members opposed to the Government) sat separately for several months, making two independent investigations of the charges of misconduct and the whole question of the banking legislation. Both reports wholly exonerated Mr. Ward and the Government. The passage and administration of the banking and loan acts proved to be absolutely honest and honorable. No fraud was found, except on the part of the private management of the bank.

Sir Joseph Ward, completely vindicated, has since re-entered political life; has been, since 1900, Colonial Secretary, Postmaster-General, Minister of Industries and Commerce, and Minister of Railways, and this year (1902), in Premier Seddon's absence in England, Sir Joseph has been Acting Colonial Treasurer and Acting Premier in his place.



## CHAPTER 43.

### NATIONALIZATION OF CREDIT.

GOVERNMENT LOANS AT LOW INTEREST TO FARMERS, TRADERS  
AND WORKINGMEN.

Big Manufacturers and Capitalists Also May Borrow from the  
State on the Same Terms as Small People.

NO DISCRIMINATION AGAINST THE WEALTHY.

The same year (1894) that established compulsory purchase of corpulent estates gave birth to the Government Loan Office, which lends public funds to farmers, laborers, business men, etc., at low interest and on easy terms—another move in the process of nationalizing credit, some elements of which were noted in the last preceding section.

The situation in the early nineties naturally led the people and their Representatives to look to Government lending as a means of relief from, and protection against, excessive interest and unreasonable conditions. In spite of falling prices and industrial depression, the banks and money lenders would not reduce the rates of interest, but rather increased them. The farmer's income was on the diminuendo, while his interest was on the crescendo. In this predicament it occurred to him that the Government, his Government, the great firm in which he was a partner, could borrow at 3 or 3½ per cent, instead of the 6 or 8 per cent or more he was paying, and that he might as well do his borrowing through the firm. Rolleston, Ballance and McKenzie had established the practice of Treasury advances to new settlers, and the principle had been enacted into law.<sup>1</sup> If loans could be made to new settlers, why not to old ones? If the firm could borrow at low interest, why should

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<sup>1</sup> The Land Act, 1892, in the section dealing with Village Settlements, authorized the Treasurer to advance money to enable such settlers to occupy their allotments profitably, and no limit was set to the loans.



any partner, with fair security, be compelled to pay high interest?

So a law was passed<sup>2</sup> for the raising of money to be loaned on freehold or leasehold interest cleared of incumbrances and free of any breach of condition. The loans are on first mortgage of land and improvements. No loan is to be less than \$125 or more than \$15,000, and the sum of the advances to any one person must not exceed \$15,000.<sup>3</sup>

#### DETAILS OF THE PLAN

The advances are of two kinds, fixed loans and instalment loans. The first may be for any period not exceeding 10 years, and the principal is due at the end of the term. The second is for 36½ years, and part of the principal is to be paid each half-year. Interest in both cases is at 4½ per cent if paid within 14 days of the time it is due (5 per cent if payment is not prompt), and in case of instalment loans 1 per cent more is to be paid for the reduction of the principal, making a total of 5½ per cent on the face of the loan for interest and repayment of principal (or 6 per cent if the payments are not prompt)

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"Advances to Settlers Act," October 18, 1894. The policy of Government loans at low interest was proposed in the financial statement, and later a bill for the purpose was pushed by the Hon J. G. Ward, now Minister of Railways. Interest was too high. Tho it had gradually diminished in preceding decades as prices had fallen and capital increased, it was still exorbitant, and had recently advanced somewhat. "Many on renewing their mortgages found they could not do it except on higher terms than formerly." It was bad enough for the mortgaged farmer to have his interest remain the same while the price of his produce shrank, but to have his interest go up in face of a falling market was not to be endured. The vote in favor of the third reading was 36 to 11 in the House, October 1st, and 28 to 4 in the Senate, October 10th. (New Zealand Parl Debates, Vol. 86, pp. 414, 647.)

Reeves says: "The average of the prices got by the farmer for his produce since 1890 has been such that 7 and 8 per cent have ceased to be endurable rates of interest." In addition to the nominal rate of interest, the borrower frequently had to pay a commission. If the loan was made for 6 months at a time, and 2 per cent commission was charged twice a year, with a nominal interest of 8 per cent, the real interest or actual price paid for the use of the money would be 12 per cent. The Government Loan Office has reduced the stated interest to 4½ per cent, and abolished commissions altogether.

The Year Book says the act "was designed to afford relief to a numerous class of colonists who were struggling under the burden of high rates of interest and heavy legal expenses of mortgages. These were established when prices of agricultural produce were high and profits large, and so long as business continued prosperous they attracted little, if any, attention. For years preceding 1894 commerce and agriculture had suffered from world-wide depression, and the high rates of interest still charged were felt to be a burden on the industry of the people not easily borne, and a hindrance to the settlement and development of the farming lands of the Colony." Parliament authorized the raising of \$15,000,000, in sums not exceeding 7½ millions a year, at an interest not higher than 4 per cent. Early in 1895, 7½ millions were raised in London by the sale of 3 per cent bonds of the New Zealand Government at prices which made the actual interest charge 3¼ per cent, and the Advance Office proceeded to loan out the money in New Zealand on first mortgage on land used for farming, dairying, or market gardening.

<sup>2</sup> In the case of urban or suburban land, the limit is \$10,000. The owners of such property were not included in the original act, but this was remedied in 1899.

The payments are half-yearly, so that a borrower, on the instalment plan, pays at the most \$3 on the hundred every half year to settle the interest and cancel the loan in 73 payments, or 36½ years. The same sum has to be paid every half year, but as the principal grows less and less, the part of the payment needed for interest diminishes, and the part added to the sinking fund increases. After the 22d year more than half of each payment goes to wipe out the principal. The borrower may pay in \$25 or any multiple of that sum at any time to be applied on principal or interest as he directs, and in case of an instalment loan he may, at any time, pay off the whole balance of the debt, but with a fixed loan such full settlement can only be made at one of the half-yearly dates.

Fixed loans must not exceed half the value of the security. Instalment loans may be half the value of the lessee's interest in case of leasehold security, but may be three-fifths of the value of the security if it is a freehold. Absolute secrecy is guaranteed the borrower. The law forbids the officers of the Advances Department to divulge particulars about value, business, income, loan, etc

#### WHAT THE MONEY POWER THOUGHT OF IT, AND THE NET RESULTS.

Of course, the capitalists who were getting 7 and 8 per cent or more for loans had conscientious scruples against the Government's lending at low interest; at least to anyone but themselves, and especially to their customers.<sup>4</sup> There was an outcry in England against "the cheap-money scheme," and the money power of the Colony was furious, but it could not control legislation, for the farmers owned the Government.

The law was promptly put in operation, and its manifest good sense and beneficial effects so strongly appealed to New Zealand's sister colonies in Australia that five of them have followed her example in establishing Government loans.<sup>5</sup>

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<sup>4</sup> In the coal debate, 1901, Premier Seddon remarked that when he first sketched advances to settlers in the "Foxton speech," in 1893, he was called "a social devil" for proposing loans to farmers at low interest.

The United States Consul to New Zealand says: "The loans have been a great boon to struggling farmers, who were paying as high as 8 per cent on their mortgages. Immediately this money became available, interest came tumbling down to 4 per cent for good freehold security. . . . I need scarcely add that the large land holders, mortgage companies and money lenders generally did not favor the cheap advances to settlers, but their opposition was utterly futile. With the advent of the one-man-one-vote and the extension of the franchise to women, the power of corporate wealth in this country appears to have been irrevocably destroyed." (U. S. Consular Reports, Vol. 53, 1897, p. 37.)

<sup>5</sup> West Australia, 1894; South Australia, 1895; Victoria, 1896; Tasmania, 1898; New South Wales, 1899, expanded in 1902. (The remaining colony, Queensland, loans money to cooperative sugar mills at 3½ per cent, and to meat and dairy companies at 5 per cent, but has not established a general loan office.)

The system has been adopted through nearly the whole extent of a conti-

More than \$11,000,000 have been borrowed in England at 3 to 3¼ per cent, and over \$13,000,000 have been loaned to New Zealand farmers, traders and workingmen at 4½ and 5 per cent. The fees for making papers, searches and registrations are very low, so that borrowers save in costs as well as in interest.

Such care has been exercised by the Government officers that no bad debts have been made, and the superintendent reports that the office has no securities lying on its hands. Many great private loan companies have met with disaster in the colonies; have had large blocks of property thrown on their hands, and have lost heavily, sometimes ruinously, but the Government Advances Office has not lost a debt nor a dollar.<sup>o</sup> Only in one case was the Government obliged, as a last resort, to foreclose, and in that case the superintendent was able to sell without loss. At the end of the seventh year, March 31, 1902, the superintendent reported that all instalments of interest and principal due to date had been collected.

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nent as large as the United States. The total advances of the Government offices in the 6 colonies now exceeds 25 millions, over half of it in New Zealand.

In South Australia the Loan Office established under the State Advances Act is called the State Bank. The money is not obtained from England, but is raised locally by issuing 5-year 3½ per cent bonds, guaranteed by the Government. They are negotiable and payable to bearer, and are taken mostly by savings banks and insurance companies. This plan enables the department to get its funds as they are needed, and so avoid having idle capital, as was the case in New Zealand at the start. On the other hand, it pays 3½ per cent, while New Zealand gets her funds for 3 to 3¼ per cent.

The Victorian Office obtains the money from the Government Savings Banks at 3 per cent, while in New South Wales the Treasury gets the money by selling 3 per cent inscribed stock.

The West Australian Agricultural Bank Act resembles the South Australian law, and 3½ per cent is paid for the funds. The borrower has 5 years before he need begin to repay the loan; then he must pay it in 50 half-yearly instalments. The office makes advances by instalments, instead of paying over the whole amount as soon as the loan is granted. The Government manager sees that the money is applied to the purpose for which it is lent, and if not satisfied on this point he may refuse to pay further instalments and take immediate steps to enforce repayment of the part of the loan already given out. In seven years, dealing with a multitude of loans, the office has lost only \$50. It makes a small profit. The interest charged to borrowers is 5 per cent. In South Australia and Victoria it is 4½ per cent; in New South Wales, 4 per cent.

<sup>o</sup> Banks and lending companies have fallen into trouble chiefly from two causes: (1) Overvaluation of securities, and (2) runs or sudden recalls of their capital by panic-stricken depositors and investors. The Government Loan Office raises money in a way that secures it from the second, even if the superior confidence in a State institution could in any case be shaken, and the first cause is avoided by careful regulation and administration. The superintendent cannot authorize a loan. Only the Board, composed of leading civil servants, can do that; and before it grants the money it must examine not only the report of its own valuers, but the independent valuation of the Government Land-Tax Department, the valuations of which, being made for taxing purposes, have been scrutinized, perhaps challenged, wrangled over, and reduced.

The net profits of the office are more than \$250,000 a year, or a little over \$25 for each borrower. The profits would have been still larger had the 5 per cent interest fixed in the original act been maintained, but in his budget speech for 1899 Premier Seddon showed that on the last \$2,500,000 borrowed by the Government for advances the earnings were \$125,000 a year, while the money cost the Government only \$75,000, and proposed that the people should have the benefit of this profit by a reduction of  $\frac{1}{2}$  per cent in the rate of interest. This was done, with a condition of prompt payment, and now the office, through the growth of its business, is again making a good profit, in spite of the reduction.

The average amount loaned is about \$1,500. A considerable number of borrowers pay before the money is due. Ninety per cent pay within a fortnight. Sixty-three per cent of the advances were wanted to pay off existing mortgages made with private lenders at high rates—7 or 8 per cent as a rule, and some higher still.

#### CONVENIENCE AND ECONOMY FOR PRODUCERS.

When the New Zealander goes to the post-office he sees this notice on the wall:

## ADVANCES TO SETTLERS

THE GOVERNMENT ADVANCES TO SETTLERS OFFICE HAS MONEY TO LEND

On Fixed or Instalment Mortgages in Sums of £25 to £3000  
on Freehold or Government Leasehold.

*BORROWERS HAVE THE RIGHT TO REPAY LOANS PARTLY OR  
WHOLLY AT ANY TIME.*

Fixed Loans for Any Term not Exceeding 10 Years, and Instalment  
Loans for  $36\frac{1}{2}$  Years.

*INTEREST AT 5 PER CENT, OR  $4\frac{1}{2}$  PER CENT IF PAID PROMPTLY,  
WITH 1 PER CENT ADDITIONAL IN CASE OF INSTALMENT LOANS  
ON ACCOUNT OF REPAYMENT OF PRINCIPAL.*

ALL COSTS VERY LOW

NO COMMISSION OR BROKERAGE FEES CHARGED

The farmer gets his money through the post-office, and makes his interest payments there.

It is no longer necessary to rely on the banks and usurers. The farmer has only to go to the nearest post-office to get into communication with a lender who charges no commission or brokerage, and no fees except for actual expenses; never exacts usury; does not foreclose; gives him thirty-six years and a half to pay off the loan in small instalments, but will let him pay it faster if he wishes, and when it finds itself making a profit, gives him the benefit by reducing the rate of interest. And even if the farmer does not borrow from the Government, he is helped by the new departure, for outside interest charges came down on the run when the Government office got ready for business in February, 1895. Other lenders had to reduce their rates or leave the field.<sup>7</sup>

It is estimated that the entrance of the State into the money market has made an average reduction of 2 per cent in the interest charge on over \$300,000,000 of debt, saving \$6,000,000 a year to the producing classes.<sup>8</sup>

Without a cent of cost to the taxpayers, thousands have been relieved of the overweight of debt. Capital gets a less return and labor more. The law has put the dollar down and manhood up.

The nationalization of credit has proved almost or quite as important as the nationalization of land.

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<sup>7</sup> Government returns for the year ending April, 1895, and April, 1900, show the change. The bulk of the mortgages registered in the former year were at 6 to 8 per cent, while many were at 9 and 10 per cent. These were the rates on registered mortgages, secured on the best real estate in the Colony. The interest demanded on second and third-class securities was, of course, still higher. In 1899 the bulk of the mortgages were at 4 to 6 per cent, and the loans at higher rates were few, altho the years from 1895 to 1899 were years of rapidly-growing prosperity. Till the Advances Act struck the market, the legal rate of interest allowed by courts of justice on unpaid debts was 8 per cent. It was then reduced to 6.

<sup>8</sup> A similar saving in the United States in the same proportion to population would mean about \$600,000,000 a year in the pockets of farmers, workers, and business men who are paying interest on private loans. The Government can borrow at 3 per cent or less, and 1 per cent more would probably cover the cost of handling. So that our people might borrow the money they need, in the firm name (the name of the Government or the great firm of the People & Co.), at a total cost of 4 to 4½ per cent, instead of paying 5 to 8 per cent in different parts of the country for long-time loans and more for short loans. Multitudes of small people, of the classes most in need of relief, would be benefited, and the weight of money in relation to life would be diminished.

## CHAPTER 44.

### THE MONEY RING AND THE LAND RING "SMASHED."

Thus the State took the right-about-face on taxation, land and lending. The poor still pay taxes—as indeed they should pay something toward the support of the Government, if it treats them fairly and gives them a chance to make a decent living—but there is no longer a premium on monopoly and speculation, nor a penalty on industry and enterprise. There are still overgrown estates in New Zealand, but the tide has turned. The movement is no longer toward the concentration of land, but the contrary. There is still private lending, but the people's banks and offices control the business. Cash and credit had been the monopoly of the rich; now the people manage the machinery of finance, and use the cash and credit of the Government to get loans for themselves at low rates, and break down the monopoly of the rich. Credit is a public utility operated by the State.

Graded taxation and public ownership of land and credit go far toward solving the problem of monopoly. The new land and tax laws, instead of protecting and aiding monopolies, carry the dynamite to burst them up. These laws "smashed the land ring," and the Government loan and banking laws "smashed the money ring." And they did far more than that; they set up a steady constructive movement in the direction of wealth diffusion, public absorption of capital, and the nationalization of the soil, which is the avowed policy of the Government. The Minister of Lands has declared that he "would like to see the time when all the lands of New Zealand were nationalized," and William Rolleston, a leading Conservative, said in the last campaign (1899): "We shall never have national prosperity in New Zealand until we nationalize every foot of its land."

Progressive taxation with improvements and small holdings free, the resumption and division of estates, limitation of area, and leasing instead of sale, supply machinery that enable the State to take the unearned increment of land values, acquire the ownership of the soil, encourage the beginnings of wealth, break up monopolies, and make it very difficult to acquire an overgrown fortune. The time is probably not far distant when it will become clear that it is of no use to attempt to be any kind of a big monopolist in the land of the graded-tax. Moreover, it is easy to increase the pressure of the land and income taxes in the upper regions, so hastening the equalization of wealth and securing additional funds for the State purchase of monopolies and other public purposes. The train of events is not only moving in the direction of wealth diffusion and state ownership of the land, but the speed of the engine can easily be increased, and it is the intention of the engineer to put on more steam in the near future. "There is no point more firmly fixed in the popular mind," says Mr. Lloyd, who had special advantages for forming a judgment in the matter, "than that these taxes shall be increased until they have done the work for which the reform was begun."



MEMORIAL OF A MAORI CHIEF SLAIN IN BATTLE.

*This old memorial of the Maoris may make a fitting tombstone for the money-ring and the land-ring. A Maori chief represented organization for aggression, and that was the nature of the money and land rings. They went gunning for the people and the rights of the community, but the people fired back and they fell. After the whites came the gun became the symbol of war. Before that the Maoris fought with spears and tomahawks of green jade. Bows and arrows were unknown to them. They had no metals or pottery; no merchants or miners; no flocks or herds or domestic fowls; nothing but war, hunting, fishing and agriculture.*

## OTHER MOVEMENTS OF THE LIBERAL YEARS.

The Liberal Ministry did not confine its attention to taxes, land and credit. Many other reforms were considered in this first triennial, 1891-3, and a number of measures were drafted and pushed in Parliament. From the start the Government aimed to improve the conditions of labor. The movement to substitute coöperative labor for the contract system; to lift the life of factory, shop, and mining workers; and to banish strikes and establish universal arbitration; was developed by Premier Ballance and his colleagues from 1891 on, side by side with progressive taxation and the land laws. Woman suffrage and other electoral reforms were also favored from the first. An effort was made to simplify judicial procedure, and rid the law still more completely from technicalities. Vital changes in the railway management were proposed, and many other measures more or less important were vigorously discussed.

Some of the labor laws were passed in 1891-2 with the progressive tax and the land act; and woman suffrage, with some other electoral reforms, was attained in '93. But with these exceptions, the policy of the Government so far as it depended on legislation, was for the most part held in check till 1894. This was due to three things. The Conservative Senate was naturally inclined to hold up the Liberal Bills, at least till it could see how the people would vote in 1893. Policies on which the people had already pronounced in the elections of 1890 might be allowed to pass, and measures which possibly would disgust the people or help in any way to defeat the Liberals, might be indorsed, but the rest had better wait—maybe the vote of '93 would clear the air and put the Conservatives in power once more—at any rate it was not wise to pass so many important bills till the people had had a chance to say what they thought of them.



Besides this blockading attitude of the Senate, there were difficulties in the House. First, the necessity of time and repeated discussion to unify the members on the details of important bills, and second, the fact that the Prohibition Question took possession of Parliament in 1893, and swept aside every important policy measure except the Electoral Act. An equal suffrage act was passed, and a liquor law, described in another chapter. The rest of the Liberal bills went over and piled up in the statute book of 1894 like the tides in the Bay of Fundy. The elections of '93 nearly paralyzed the Opposition in the House, and convinced the Senate that the people wanted the pending measures passed—the temperance folks were resting on their arms, polishing up their bayonets and getting back their wind—and so the way was open for industrial arbitration, Government loans, compulsory repurchase, the railway bill, and the rest, to be enacted.

Some of these institutions have been described already; others occupy separate compartments in future chapters; a few brief matters will be dealt with here, relating to 1892-3.

#### COURTS OF JUSTICE; REMOVAL OF TECHNICAL DEFECTS.

In 1892 a law was passed to get rid of the difficulties, injustice, and expense caused by legal decisions based on technical defects. Cases are to be decided on their merits, and no man is to lose his rights because of any technicality. The law explains itself. It declares that: Whereas, in many cases great expense and frequent failures of justice have been occasioned by the fact that warrants, orders, or judgments have been quashed on appeal for technical error, and *it is expedient that all legal questions should be determined on their merits*; therefore:—Be it enacted that in case of such appeal the court before which it is brought, may on such terms as it deems best as to costs, amend such warrant, order, or judgment, and adjudicate as if no omission or mistake had been made.

#### THE ELECTORAL BILL.

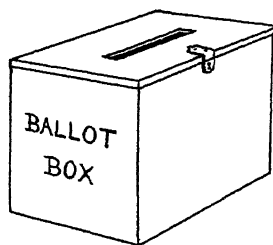
The electoral reforms so earnestly desired by Ballance—equal suffrage for men and women, and further safeguards against multitudinous voting—after being twice wrecked in the Upper House, were passed in 1893.

The women must have a suite by themselves, so we will give them a place three doors beyond this in the chapter on Equal Suffrage. But two other important members of the electoral act may find room in this section. One of them in the clause that carried the one-man-one-vote principle to its complete issue by providing for one-man-one-registration, that is to say, no voter shall register on more than one roll. Consequently property-owners were not only cut down to one vote in one district at a general election, but were prevented from voting in another district at a by-election.

#### COMPULSORY VOTING.

The other provision referred to is intended to put pressure on electors to insure regularity in the exercise of the franchise by attaching a penalty to any failure to vote without good excuse. If an elector, who is not a candidate at a general election, nor prohibited by law from voting at the election, fails to vote at such election, his name is expunged from the voting-list; and unless he appears and excuses the neglect to the satisfaction of the court, he loses his vote at the next election.

This system was put in practise at the end of 1893, the rolls being purged by striking off the names of all who had not voted at the general elections of that year, and the process has been enforced under the law ever since.



## CHAPTER 46.

### THE LEADER

FALLS IN HIS PRIME AND THE NATION MOURNS,  
BUT THE MARCH GOES ON.

John Ballance did not live to see the establishment of all the noble institutions he had aimed to achieve. He overworked himself in his great office, and met an untimely death May 1, 1893, in the prime of life and in the midst of the tremendous transformation he and his Liberal colleagues and supporters were making in the laws and institutions of their country. The whole people mourned his loss. He was so good, kindly, true, and sane that he was deeply loved by the people, and respected even by those most bitterly opposed to the policies for which he stood.

As our prose-poet has said of another :

"He died where manhood's morning almost touches noon, and while the shadows still were falling toward the west. While yet in love with life and raptured with the world, he passed to silence and pathetic dust.

"Yet after all, it may be best, just in the happiest, sunniest hour of all the voyage, while eager winds are kissing every sail, to dash against the unseen rock, and in an instant hear the billows roar above a sunken ship. For whether in mid sea or 'mong the breakers of the farther shore, a wreck at last must mark the end of each and all. And every life, no matter if its every hour is rich with love and every moment jeweled with a joy, will, at its close, become a tragedy as sad and deep and dark as can be woven of the warp and woof of mystery and death.

"This brave and tender man in every storm of life was oak and rock; but in the sunshine he was vine and flower. He was a worshipper of liberty, a friend of the oppressed. He sided with the weak, the poor, and wronged. He added to the sum of human joy. He was the friend of all heroic souls. He climbed the heights, and left all superstitions far below, while on his forehead fell the golden dawning of the grander day."

A few years after the Premier's death, the State erected in the Parliament grounds a marble statue to the memory of this just and kindly man, and any one who looks at the memorial

may read the secrets of his great success in the lines of the fine head and noble countenance, that tell of his high character and intelligence, and in the words engraved on the base of the statue, "He loved the People."



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Sometimes the loss of the leader means the wreck of the cause, but not where the people are saturated with the new thought and many men of ability have the light in their souls. The Hon Richard J. Seddon, Minister of Public Works, was chosen to succeed Premier Ballance. Years of valuable service had shown that his heart was true to the people, and that his indomitable will and massive physique held boundless promise of accomplishment. The land and fiscal legislation of 1891-92, and the labor laws of those years described in future chapters, were carried under Ballance's administration; while the land resumption act, the nationalization of credit, and nearly all the political battles spoken of in succeeding chapters of this review, were carried under Premier Seddon's lead.

The new Premier kept Reeves, McKenzie, Ward, etc., in the Cabinet, and, so far as practicable, kept the personnel and policy of the Government substantially as before, so that there was no break in the Liberal administration. Premier Seddon was heart and soul for the same great principles and purposes that animated Ballance, and the Liberal movement was not only safe in his hands, but gained in strength as year after year added new victories, and proved the value of former triumphs. Since Mr. Seddon became Prime Minister the Liberal administration has been sustained by large majorities in four successive triennial elections, the last of which, in November, 1902, continues the Liberal party in power till 1905, with a majority which, the Premier writes me, is most satisfactory

to his Ministry, viz: 52 members for the Liberal Government, 6 Independents and 22 Opposition,—a majority of more than two to one over the Opposition, without counting the Independents, who are likely in most cases to go with the Liberals.



HON. R. J. SEDDON.

*In the threefold capacity of Minister of Public Works, Minister of Defense and Native Minister in the Ballance Cabinet, Mr. Seddon has already shown great executive power; and his record in Parliament was one long history of earnest effort in the cause of the small farmers and workmen, and the common people generally. In place of the contract system of constructing public works he established the cooperative system described in a future chapter. He and the other Liberal leaders were substantially as one in carrying the land and labor laws, woman suffrage, and the nationalization of credit, but on the liquor question there was serious combat in the Liberal camp, as we shall see in the next chapter.*

*This portrait of the Premier was taken in his Masonic clothing as Most Worshipful Grand Master of the Grand Lodge of the Ancient, Free and Accepted Masons of New Zealand, which means, in ordinary English, the head of the order (the Masonic Fraternity) in New Zealand. In the United States the Grand Master's apron is plain and the collar (or sash) is absent. The Masonic clothes (or regalia, as the uninitiated call them) differ considerably in different countries and colonies.*

## CHAPTER 47.

### THE TRIENNIAL REFERENDUM ON THE LIQUOR QUESTION.

In the fall of 1893 a local option liquor bill was put on the statute book.<sup>1</sup> For the five years from 1893 to 1898, the liquor question disputed with land and labor the chief place in the public interest. It even split the Liberal Party, the fight between the Prohibitionists, the local optionists, and the license men grew so intense.

For thirty years and more, drinking and drunkenness had been on the decline in New Zealand,<sup>2</sup> and for a long time the per capita consumption of intoxicants has been far lower than in Great Britain, and less than half what it is in the United States.<sup>3</sup>

In 1881-2, license laws were enacted which prevented the increase of licenses in any district unless sanctioned by a referendum of the ratepayers. If a district were without licenses it would remain clean until licenses were authorized by referendum vote. This was a sort of semi-local option. You needn't go any further in if you don't want to, but if you

<sup>1</sup> The "Alcoholic Liquors Sale Control Act," October 2, 1893.

<sup>2</sup> The Long White Cloud. p. 303, written in 1898. See next note.

<sup>3</sup> The consumption in New Zealand and the United States is as follows, in gallons, per capita:

	Spirits.	Wine.	Malt	Total	Equivalent In Proof Spirits.
New Zealand .....	.68	.14	8.70	9.52	1.80
United States .....	1.36	.63	17.49	19.48	3.75
For 1881 the contrast was:					
New Zealand .....	1.06	.31	9.37	10.74	2.10
United States .....	1.38	.47	8.65	10.50	2.70

The per capita consumption is smaller in New Zealand than it was twenty years ago, while in the United States it is much larger than it was, nearly double in gallons per head. In both countries there has been some increase in the years of rising prosperity since 1895, from 7¾ to 9½ gallons in New Zealand and from 16½ to 19½ in the United States.

This small consumption in New Zealand, as compared with the United States, is specially remarkable in view of the fact that our bartenders are men, while the public houses of New Zealand, like those of England, take the prettiest girls they can get for barmaids.

are in you have no option about coming out—you must stay in. Besides this semi-option in the ratepayers, the administration of the license law—granting and renewal of licenses, etc.—was transferred on motion of Sir Wm. Fox, from nominated to elective committees chosen by the taxpayers. The committees might refuse renewals of licenses on the ground that they were not required; but in the next twelve years they closed out only thirty or forty licenses on this account. The taxpayers were conservative.

There was a growing prohibition sentiment in the Colony, however, and by 1892 the movement exhibited great vitality.<sup>4</sup> A powerful evangelist, Rev. Mr. Isitt, and a brilliant organizer, Mr. Walker, gave the movement so much strength that in 1893 with the help of Sir Robert Stout, their great champion in Parliament, the Prohibitionists determined to demand the enactment of a prohibition bill. The Premier, believing that public sentiment in the mass was not in favor of such a sweeping measure, introduced a strong local option bill, and the decks were cleared for the battle.<sup>5</sup> Every other important

<sup>4</sup> "A strong body of total abstainers, first roused by the fiery zeal of Sir Wm. Fox, had been gathering there. Until nigh his eightieth year, the white-bearded patriarch lent the weight of his public standing, high character and unsleeping energy to the cause. The New Zealand Alliance, of which he was one of the founders, supplied a rallying point for enthusiasm. Its spokesmen and lecturers traveled from town to town, and from end to end of the Colony; and the branches of the W. C. T. U. furnished new and powerful agencies. From 1891 onward the agitation took a front place in public affairs." (Reeves in *State Experiments*, II, p. 309.)

<sup>5</sup> Premier Seddon, in moving the second reading of his local option bill, said: "As the result of a decision that the people could not pledge candidates for the licensing committees (if a candidate expressed an opinion in the election and acted accordingly on the committee, the action of the committee was held void) we have had the prohibition crusade. We have had an agitation in the country, and I venture to say there is no subject on which members are so conversant as the liquor traffic and the necessity of its control and regulation. . . . Social reform in the way indicated in this measure is an absolute necessity."

Fergus said: "We were elected 3 years ago, before this question became a burning issue, and we have no right to pass such a bill without referring it to our constituents. Such a drastic law is only holding out a premium to sly grog selling, and thereby defeating the very object we have in view—that of regulating the traffic."

Duthrie said: "The Government is driven to it. The country on all sides is calling for a measure dealing with the traffic. This direct veto, this appeal to the people, will have a great influence in the direction of inducing good conduct of the public houses."

Captain Russell, the great Conservative, said: "A plague on both your houses. I am not a supporter of the Prohibitionists, nor of the licensed victuallers. They are each an insufferable nuisance."

Rolleston, the leader of the Conservative Party, said: "The two parties are those who want to stop drunkenness and those who want to stop drinking. I favor temperance. Absolute prohibition in other countries is a failure. It has led to habits of drinking in bulk, drinking in cellars and out-of-the-way



SIR ROBERT STOUT, K. C. M. G.

*An eminent Liberal, and Leader of the Prohibitionists in Parliament till 1898. Chief Justice since 1899. A famous statistician and publicist; one of the most intellectual men in Australasia.*



policy bill except the female franchise act, went by the board, blocked or killed in one chamber or the other.

The ministry carried full local option. At each triennial election of representatives three questions are submitted to the voters of each district.

(Continuance)—1. Shall all existing licenses be continued?

(Reduction)—2. Shall the number of licenses be reduced?

(Prohibition)—3. Shall all licenses be abolished?

The citizen may vote for one or two of these proposals, but no more. And to carry prohibition a vote of 3 to 2 is required; for the others a majority is sufficient.<sup>6</sup>

#### RESULTS.

The first poll (1894) resulted in closing 72 houses,<sup>7</sup> and the

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places, sly grog selling, constant evasion of the law, and consequent degradation of the population."

Stout, the foremost champion of prohibition, quoted Gladstone as having introduced a Direct Veto Bill in England, and as declaring: "It has been said that greater calamities—greater because more continuous—have been inflicted on mankind by intemperance than by the three great historic scourges of war, famine and pestilence combined. That is true, and it is the measure of our discredit and disgrace." Stout continued: "The temperance people ask that this question should be sent to the people, and if the people say that licenses should continue they are willing they should continue, but it must be the voice of the *majority*. . . This is a sham bill. I believe the Licensed Victuallers' Association (the liquor dealers) would have given a more reasonable bill to the temperance people than this measure."

W. P. Reeves said the  $\frac{3}{4}$  majority clause was necessary "A great number of students and impartial men, absolutely disconnected with the liquor trade and in sympathy with the temperance party, who have studied the working of prohibition in America and other countries, have come to the conclusion that where prohibition is backed up by a large majority of the people it can be made fairly effective, but that where it is not backed up by the enthusiasm and assent of a large majority it is not effectual."

The Premier had a majority of 35 to 13 in the contest over the bill. (N. Z. Parl. Debates, Vol 81, pp. 168, 179, 182, 185, 190, 435, 439, 442)

<sup>6</sup> If a reduction is carried, the licensing committee must close 10 per cent of the bars, and may close 25 per cent. It must shut first the houses whose landlords have had one or more offenses indorsed on their licenses, and next the smaller houses.

If no-license carries, all the licenses in the district are canceled on the next licensing day, i. e., about 8 months after the poll. Wholesale, as well as retail, licenses are refused. All sales of liquor in the district are unlawful. Anyone may buy it outside, however, and import it for his own use or to give away.

In addition to the powers given by referendum vote, a licensing committee may cancel any license if the holder is convicted of a serious offense, or if his house is a drunken and disorderly place; but the committee cannot now (as it could from 1882 to 1893) close houses merely because they are not required.

A notorious drunkard can be cited before a magistrate and declared a prohibited person, and then no licensee can lawfully serve him with drink. Children under 16 are not to be supplied with liquor for their own use, and no liquor can be sold to Maori women.

<sup>7</sup> By the original act no option poll was to be valid unless half the enrolled electors voted. The liquor party spoiled several polls by inducing their friends not to ballot. So the 50 per cent provision was repealed in 1895, and the local option vote fixed for the same day as the general election, which is relied on to secure a full vote; and the 50 per cent requirement now applies only to districts where there is no Parliamentary contest.

carrying of prohibition in the district of Clutha. The next two polls left things as they were, but showed the growth of prohibition sentiment, and the fourth has shown great strength and made new gains of territory.

In 1896 under the Amendment of '95, the poll was on the same day as the election of representatives. The Prohibitionist vote nearly doubled but the Opposition trebled. In 1899 the one prohibition district remained as before; 14 districts gave a majority for no-license, but not the requisite  $\frac{3}{5}$ ; 37 districts gave a majority for continuance; and in 24 no proposal was carried, 5 of the polls being invalid, and 19 failing to give the required majority for any one of the propositions. This was owing to the fact that many voters did not avail themselves of the right to mark two proposals, but were contented with voting on one. In seven districts reduction beat continuance, but no houses were closed thereby, for all voters in the no-license division who do not also vote for reduction are counted against it, that is, a majority of all persons voting on the license question must declare directly for reduction in order to carry it.

#### THE REMARKABLE GROWTH OF THE PROHIBITION VOTE.

Another vote has just been taken, November 25, 1902, and according to returns from Prohibitionist sources,\* it has resulted in a majority for prohibition in the whole Colony, and the requisite  $\frac{3}{5}$  to secure prohibition in 5 new districts, making six with the one already under prohibition—all country districts with a small population, ten or twelve thousand at the last census (1901). Fourteen other districts are reported as giving majorities for reduction.

The following table shows the vote summaries:

Year.	Votes for Continuance.	For Reduction.	For No License.
1894 .....	42,429	16,096	48,993
1896 .....	130,580	94,555	98,312
1899 .....	142,443	107,751	118,575
1902 .....	140,328	128,348	144,604

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\* Our great temperance leader, the Hon. John G. Woolley, is acquainted with the men who have sent these returns, and he assures me that their correctness may be relied upon. I have myself no doubt of the veracity of purpose and intent of the Prohibition leaders; they are most estimable men, but tremendously enthusiastic. The official figures for Nov., 1902, are not at hand.

The following details are also instructive. Note the fall of the license vote and the rise of the no-license poll:

**District Votes For and Against License.**

	Wellington		Auckland		Canterbury		Otago & Southland	
	For License	For no License	For License	For no License	For License	For no License	For License	For no License
1896	25,213	18,355	25,587	19,550	29,518	19,800	34,844	23,809
1899	27,650	22,848	31,006	24,884	29,526	24,361	28,626	28,648
1902	24,868	25,349	29,521	26,315	25,853	29,567	30,622	38,985

**CLUTHA.**

In Clutha the police magistrate has condemned prohibition as promoting sly grog-selling and perjury, and twenty-eight business men signed a statement that it had injured their business and that of the district. But the Prohibitionists brought forward a mass of favorable testimony from employers of labor, schoolmasters, clergymen, etc., and as a final broadside produced the following figures copied from the police records in the presence of the inspector.

**Convictions in the Clutha District.**

	For 3½ years from Jan. 1, 1891, to June 30, 1894 License Period	For 3½ years from July 1, 1891, to Dec. 31, 1897 No-License Period
Drunkenness .....	130	6
Breaches of peace....	16	2
Assaults .....	11	1
Disorderly and riotous conduct..	9	1
Lunacy .....	7	2
Assaulting and resisting police .	4	0
Threatening language.....	3	0
Cruelty to animals.....	3	0
Disturbing congregations.....	5	1
	<hr/> 188	<hr/> 13
Other offenses... ..	112	53
	<hr/> 300	<hr/> 66
Sly grog-selling .....	1	24
	<hr/> 301	<hr/> 90

Hon. Wm. Pember Reeves says of these figures: "They show the result of shutting up the bars and tap-rooms in a

rural country, and they appear to me to prove conclusively that the ordinary grog-shop system of liquor-vending in country places is still the direct cause of a frightful amount of needless and preventable mischief and misery.

As the figures relate to a period ending in 1897, I have made inquiry in 1902 in a trustworthy quarter unconnected either with the trade or the Prohibition party. The opinion expressed to me in answer to my questions on the condition of Clutha was, that "it will be safe to say that the good results have been maintained."

#### RELATIVE TRAFFIC—VARIOUS COUNTRIES.

The number of licensed houses in the Colony has fallen in the 8 years since 1893 from 1,719 to 1,515, and the recent vote will cause



NEW ZEALAND'S OLYMPIC RANGE.

*The Mountains of the Southwest Coast, below Milford Sound.*

*If however may be thought of the drink question—whether Nature did well in supplying men everywhere with water to drink instead of rum—it is clear that she did right in making her oceans out of water instead of alcohol; otherwise a lighted match dropped overboard from a ship might cause a conflagration worse than a prairie fire, and under the tropic sun the oceans would vanish, leaving their beds as dry as strong drink leaves a man. Water is a great success in the landscape and it is quite wholesome and refreshing as a drink after you get used to it.*

a further marked reduction—about 200 bars, the Prohibitionists think, will be closed in the 14 districts that voted reduction, November, 1902, which would leave only some 1,300 in the Colony. In 1893 there was one licensed place to each 390 persons; now, near the end of 1902, there is one house to about 560 people, and, if the estimates of reduction resulting from the vote just taken, are correct, there will soon be only one licensed place to 640 persons. In the United States, in spite of prohibition over wide areas, under local option and prohibitory laws, there is still 1 saloon to 400 people; Holland has one tavern to 300 people; in England there is a "gin-palace" to every 145 inhabitants; in Belgium there is a drinking place for every 36 inhabitants; and in France one for every 30 of the population.

Comparing New Zealand with the Australian states by the aid of Mr Coghlan's statistics for 1898, we find the following contrasts:

**Comparative Temperance Data for Australia and New Zealand.**

	Charges for drunkenness per 1000 inhabitants	Average consumption of intoxicants reduced to the equivalent in proof spirits Gallons per head	Liquor laws	Districts under prohibition.
W. Australia	18.79	5.	Taxpayers veto on new licenses.	None
Queensland	15.28	2.65	Full local option vote on initiative petition of $\frac{3}{8}$ of taxpayers of municipality $\frac{2}{3}$ majority necessary for prohibition.	None
N. S. Wales	11.67	2.22	Limited option on new licenses and transfers only. Vote every 3 years.	None
Victoria	11.82	3.90	Limited option for reducing or increasing statutory limit. Vote on initiative petition of $\frac{1}{3}$ of the voters of the district.	One small district by ordinance of the land-owner
S. Australia	5.09	2.20	Limited option on new licenses or reduction by vote of taxpayers taken on initiative petition of $\frac{1}{8}$ of their number.	One township
Tasmania	3.49	1.44	No local option law.	None
The Commonwealth	12.54	2.70		
New Zealand	7.55	1.80	Full local option vote every 3 years; $\frac{2}{3}$ majority necessary for prohibition.	One district

New Zealand's consumption was equal to 2.10 gallons of proof-spirits per head in 1881. This declined to 1.90 in 1885, 1.64 in 1890, and 1.40 in 1895. Since then, owing, it is thought to the great and widely-diffused prosperity of the Colony, the consumption has risen to 1.80— $\frac{3}{4}$  of the  $\frac{1}{4}$  of a gallon increase being due to the increased use of beer, nearly 30 per cent more beer per capita being consumed now than was the case in 1895. In spite of the advance of the temperance movement, some increase has also taken place in the use of wine and spirits.

New Zealand has the lowest consumption of intoxicants, except Tasmania, and the smallest number of drunks, except Tasmania and South Australia; and it is the only colony which extends local option to the question of no-license, except Queensland, where the matter rests with the taxpayers.

Temperance legislation is undoubtedly a factor in the standing of the colonies in the scale of drunkenness, but it is clear that the main

differences as yet must be attributed to other causes, for Tasmania, which has no temperance laws, is the soberest of the states, and Queensland, which has full local option is the least sober but one. Tasmania has a cool climate, is off by itself, and the people are quiet and comfortable but not rich. New Zealand is also insular and cool, but is anything but quiet, and the people are the richest in the world. South Australia is hot and dry, but is like New Zealand in having been colonized by specially fine stock, and in having excellent schools and powerful total abstinence societies. West Australia was set on her bad eminence by her gold-fields, and the fact that she had 2 males to 1 female when the above data were obtained and an abnormal proportion of adults among the males.

#### NATIONAL REFERENDUM ON PROHIBITION—THE 3/5 RULE, ETC.

The Prohibitionists of New Zealand desire to reduce the questions to two—prohibition and license, abolish the 3, 5 requirement for no-license, so that a majority can secure prohibition, and obtain the referendum on the question of national prohibition.

In a recent session, Premier Seddon brought in a bill providing for the submission of this fourth question of national prohibition, but it was not carried. If it had been, and a majority vote had been made sufficient, the election returns of 1902 indicate that the Colony would now be no-license from end to end.

The requirement of 3/5 majority to establish prohibition in any district, tho very obnoxious to the temperance societies, has more reason back of it than may at first appear. It secures a reasonable stability, and prevents a see-saw from license to no-license and back again. The law stipulates that if licenses are once refused by a 3/5 vote, they can only be restored by as large a vote. A no-license victory, therefore, brings with it something like finality. Even in the license districts it has been virtually impossible to obtain any new licenses since 1893. The question of increase is no longer submitted, and the Government has not even used the power reserved to it to license new clubs. Still it is very hard for the majority in any district of a democracy to think it fair to keep things as the minority wish, and contrary to the wish of the majority, especially in a matter of such intense concern as the liquor traffic.

In 1896 four districts had a majority for no-license, in 1899, 12 districts, and in 1902 the whole Colony, yet until this year

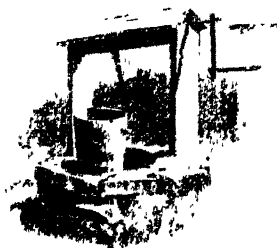
only one district had the requisite  $\frac{3}{5}$  to establish prohibition, and even now only 6 small districts out of 62 will have prohibition, tho on the total vote and the majority principle the entire State would be cleared of the traffic. To men and women believing in majority rule and fervently in favor of prohibition such a condition of things is of course exasperating, and they do not hesitate to make a fuss about it. Prohibition and Government Fire Insurance are the burning issues now in New Zealand.

#### SUGGESTIONS AND PROBABILITIES.

The more moderate temperance people, who see with equal clearness the evils of drunkenness, but think they depend very largely on economic and social causes, and that temperance legislation can be of little avail except so far as backed by a vigorous public conscience, are satisfied with an earnest campaign of education and the  $\frac{3}{5}$  vote when the work is thoroly done. Some of them would like to see a trial of the Gothenburg system, or Government control as in South Carolina or Russia, or State manufacture as in Switzerland, or the public-house trusts that are being established in England. In view of the facts: (1) that the social element is a large factor in the drinking habit, and (2) that profit is the spur of the organized liquor traffic, it would seem to be wise to provide that in any district where licenses are allowed by the voters, the licensees selling intoxicants should provide also a full line of temperance drinks at regulated prices, making a good profit on the temperance drinks, but none on the intoxicants, which should be wholesaled by the State to license districts at prices as high as might be deemed advisable and sold by the dealer without profit. This would take away the motive of the trade to push the sale of intoxicants and put the commercial emphasis on the sale of temperance drinks, at the same time avoiding any need for speak-easies, since persons desiring liquor could get all they wanted of guaranteed purity at reasonable rates in congenial society without risking a violation of law. Tax-payers could be prevented from having any interest in the continuance of licenses and State sales in their district, by providing that the profits coming to the State from such sales should be devoted to special scientific or educa-

tional purposes, or spent in the no-license districts for public purposes beyond the range of probable taxation. Such a plan might offer more to both temperance and liberty in the larger towns and cities than Prohibition itself unless there were sufficient public sentiment behind it to secure efficient and cordial enforcement.

None of these methods, however, appear to have the slightest chance of general favor in New Zealand at present. Prohibition and the victualer's license are in battle to the death, and no third measure is likely to get a trial now.





## CHAPTER 48.

### EQUAL SUFFRAGE.

#### THE BALLOT FOR WOMEN ON THE SAME TERMS AS MEN.

One morning in September, 1893, the women of New Zealand woke to find themselves enfranchised,—the first women of the world to receive the national franchise from one end of the country to the other. Under the law of September 19th, abolishing the sex qualification in national elections, women of both races, European and Maori, have the right to register and vote for representatives on the same terms as men."

This great extension of the suffrage, doubling of it, in fact, through the female franchise, constitutes the most sweeping constitutional change in the history of New Zealand. Yet it came with much less labor and conflict than many smaller measures. The women themselves on the whole made little effort in the matter. A few of them put much time and energy into the movement; but the suffrage came without request on the part of the great majority of them.<sup>1</sup> For many years there had been more or less agitation for woman suffrage, especially on the part of the temperance people.<sup>2</sup> But the movement was headed by men, and but few women took part in it.

Away back in 1867 the law provided that any "person" 21 years old and a taxpayer having a specified amount of property was entitled to a place on the "Burgess roll," or list of citizens having the municipal franchise. In 1878 the Grey Government proposed an Electoral Bill

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<sup>0</sup> But they cannot be members of the House; and tho under the wording of the Constitution it would seem that they might be appointed to the Senate, yet this is not the usage, and usage is often as strong as the written law, and sometimes stronger. Women may, however, be elected to school boards, district road boards, city councils, etc., and any city may elect a woman as its chief executive. One city has elected a Mayoress, Mrs. Yates, of Onehunga, who is considered an able woman, but of somewhat hasty temper, an attribute which has facilitated some emphatic collisions with the opposition in the council.

<sup>1</sup> Westminster Review, 143, p. 35, E. Reeves. See p. 262, star note.

<sup>2</sup> Contemp. Rev. (1894), Vol. 65, p. 435.

permitting all women ratepayers to vote for members of Parliament.<sup>3</sup> Robert Stout, the Attorney-General, in moving the second reading, placed great emphasis on the fact that women ratepayers already had the municipal suffrage, but Parliament was not prepared to abolish taxation without representation in respect to the election of its own members, and refused even the mildest instalment of national woman suffrage.

It was not till 1887 that a Government—the Stout-Vogel coalition—ventured to bring in a bill for the general extension of the suffrage to women, whether taxpayers or not. Sir Julius made an eloquent speech predicting the value of women's cooperation in public affairs and the ennobling influence she would exert in national politics. He carried the bill to a second reading in the House, but it went to pieces in committee of the whole.<sup>4</sup>

In October, 1887, the Stout-Vogel combination lost office (it had not possessed much power), and for three years and a half Atkinson and the Conservatives held both office and power. Yet the demand for equal suffrage was kept alive, mainly by the efforts of Sir John Hall, one of the most distinguished Conservatives of the Colony.

When, in 1891, the Progressives found themselves for the first time in power, as well as in office, Hall, tho in opposition, at once took the opportunity of promoting the franchise measure he was so heartily in favor of. Ballance was equally in earnest in the matter, and a clause was put in the Electoral Bill, then before the House, according the suffrage to all adult women. The matter had had little or no part in the campaign,<sup>5</sup> labor, land and taxation occupying practically

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<sup>3</sup> Sir Wm. Fox, who was then the head of the temperance movement in New Zealand, and who had had 35 years' experience of public life and been four times Premier, supported the bill, saying: "Women are equal to men in their minds, in their influence; more than equal in their influence on wise legislation of any kind; more than man's equal in those sentiments which have most influence in promoting the true welfare of a country. They are less likely to be debarred from voting according to their real opinions. They have no cliques, no parties, no overdrawn accounts at the bank. If a woman sees a good object before her, she goes straight at it."

<sup>4</sup> One of the most thoughtful opponents of the measure, Mr. Scobie Mackenzie, declared that the main outcome of woman suffrage would be to give plural votes to a certain number of men, especially the married men of the Colony. Supporters of the measure said that was all right. Bachelors might regard it as an unjust discrimination, but if they were worthy they might end the discrimination at any time. Aside from joking, the friends of the female franchise regarded its tendency to increase the influence of family life—the best element in the community—not as a demerit, but as one of the principal merits of the bill. After the women got the suffrage, Mr. Scobie Mackenzie pleasantly assured them that he had opposed it from the conviction "not that the suffrage was too good for women, but that women were too good for the franchise." He was re-elected.

<sup>5</sup> In the debate on the bill, Sir John Hall said: "It is the outcome of considerable discussion and of a prolonged struggle out of doors. There are not many new arguments, but the old ones have become red hot. The chief, the unanswered, the unanswerable argument appears to me to be that the claim is based on the principle on which our political edifice is built: that everyone who is bound by the laws has a right to a voice in making those laws, with obvious limitations as to criminals, lunatics, and children before the years of full discretion." He said further that taxation and representation should go together (and practically all women pay taxes direct or indirect);

the whole attention of the people. But the new labor element and the Liberals of all sorts supported the bill from conviction, and it easily passed the House, the vote on the second reading being 33 to 8. In the Senate, however, the Conservatives were still supreme,<sup>6</sup> and the measure was lost by a vote of 17 to 15.

In 1892 equal suffrage again passed the House, and the Legislative Council, or Senate, accepted it, but insisted on an amendment allowing the women of country districts to vote by letter, like sailors, shearers, harvesters, and commercial travelers. The House refused to agree to the amendment, regarding it as an attempt to circumvent the secrecy of the ballot, and thinking that while it was reasonable to set aside the ordinary system of voting in the case of a comparatively small number of persons whose business made it difficult for them to go to the polls, it was wholly unreasonable to allow half the voters, or nearly half, to depart from the usual methods without necessity. So the bill fell through once more.

In 1893 the temperance question became the leading issue in Parliament, and the suffrage bill came forward with new interest. Prohibition sentiment grew to fever heat in 1892 and 1893. The temperance people saw in the movement for equal suffrage what they believed to be a great opportunity. They threw the whole strength of their organizations into the movement, utilizing especially the Woman's Christian Temperance Union.\* Their passionate advocacy roused great enthusiasm.

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quoted Gladstone in favor of woman suffrage; said it would increase the power of the home element, and declared there was plenty of evidence that women wanted the reform, as he had presented a petition signed by 9,000 women. Some women were indifferent to the ballot, and so were some men. It was objected that home duties would be interfered with, and that women would be annoyed and insulted at the polls. It was not so, he said, in America, and quoted reports from Wyoming, showing that better men were elected, and that not a rough word was given the women voters, but, on the contrary, the presence of the women had "civilized and tranquilized in the West what had been a rough ordeal." (N. Z. Parl. Debates, Vol. 73, pp. 497-500.)

<sup>6</sup> A member of the Senate said in the debate that "one of the greatest principles of Liberalism is to remove disabilities—to get rid of barriers."

"This question has been agitated for years and years. It has been a question that has been brought up at public meetings on almost all occasions, 'Are you in favor of the female franchise?' and the answer has invariably been 'Yes.'"

A telegram was read, urging the passage of the bill, and signed "on behalf of 10,000 women who petitioned the Council" in favor of equal suffrage.

(N. Z. Parl. Debates, Vol. 74, p. 406 etc.; National Supt. of Franchise, W. C. T. U.)

\* The first organized demand from the women themselves had its origin in 1885, with the introduction from America of the Women's Christian Temperance Union, including as a plank of their platform the demand that women should vote on the same terms as men. The first petition presented by the W. C. T. U. was prepared in 1888. But the efforts in Parliament had no more success in 1888 and 1889 than attended Vogel's bill in 1887. In 1890, and again in 1891, petitions bearing the signatures of 10,000 women were sent in, but the bill each year was defeated. By 1892 several Women's Franchise Leagues were formed outside the W. C. T. U. and coöperated heartily, so that the new petition had 20,274 signatures of women; and in 1893 the petition contained 31,872 signatures of adult women.

Many meetings were held, and thousands signed the petitions for equal suffrage. Petitions signed by over 30,000 women were presented to Parliament. The liquor interest, becoming alarmed, bestirred themselves to get counter petitions. But it was too late, and probably they could not have roused effective opposition among the women even if they had begun earlier, for the mass of the women, tho not active in the movement for the suffrage, "found it rather agreeable than otherwise,"<sup>7</sup> and were far more favorable to the franchise than to the liquor interest.

In Parliament, besides the advocacy of Sir Robert Stout with the Prohibition Wing, Sir John Hall and Sir George Grey were very active in behalf of equal suffrage, supporting it on broad principles of democracy and self-government. John Ballance had pledged his Ministers for the bill, so the Ministry was solid for it, and many Conservatives were with it also; some because they believed it just, and others because they thought it would strengthen the Conservative Party through the "innate conservatism" of women and their probable tendency to vote with the Prohibitionists, and thus widen the split in the Liberal Party. So for the third time the measure passed the House, and finally, just on the eve of the elections, the Senate passed the bill by a vote of 20 to 18, in the belief, it is said, that it would result in the defeat of the Liberals at the polls.<sup>8</sup> In this they were mistaken. The rush of the women to the polls for registration; the interest taken by them in the elections; the orderly character of the contests, and the increased Liberal majorities returned that year and each election since, are all matters of familiar history.

#### HOW THE WOMEN VOTED.

Some of the Liberals who voted for the measure in the House did so with serious misgivings. They believed in the ultimate equality of woman when she had evolved sufficiently to make it

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<sup>7</sup> Reeves, *State Experiments*, I, p. 104.

<sup>8</sup> "The Conservatives hoped much from her innate conservatism. What turned the scale was a belief, held by many opponents of the Government, that the women would espouse the cause of the Prohibitionists, who were by this time at loggerheads with Mr. Seddon, the Progressive Premier, and therefore with his colleagues. It was clear that the liquor question was a troublesome one for the Liberals, and that the advent of the women might intensify their troubles. Yet even this belief only just turned the scale in the Legislative Council." (W. P. Reeves, *State Experiments*, I, pp. 111, 112, 115.)

safe, but doubted if the time were ripe in New Zealand, as the mass of women had taken no part in the agitation for equal suffrage, and manifested no particular interest in or understanding of political affairs. They thought, however, on the whole, that the women were entitled to an opportunity to show what they could do with the suffrage, and it turned out that their interest was far greater than had been expected. At the first election, November, 1893, 90,290 women voted and 129,792 men.\*

The time from September 19th, the date of the law, to November 28th, the date of election, was very short, yet more than 100,000 women registered† (109,461 out of 139,471 total adult females in the Colony). They flocked to the public meetings, where, by common consent, the front seats were given up to them. They listened to the candidates with earnest attention, but without display of emotion.<sup>9</sup> "The women, from the first, regarded their political privilege as a sacred duty."<sup>10</sup> "They sat row upon row, listening without a sound, and their sombre dresses, and still more sombre silence, impassive faces and irresponsive stillness unnerved young orators, and damped even old Parliamentary hands."<sup>11</sup>

The contest was warm. The progressive land and tax and labor laws and the whole policy of the first three years of Liberal Government were before the country. The prohibition question was at fever heat, and the demand for State funds for denominational schools was vigorously pushed. Candidates abounded,—the pay for members had been lately raised to \$100 a month. Bishops harangued their flocks; clergymen stood for constituencies; prayers were offered and hymns sung for the victory of temperance. It was predicted that the women would go against the Liberal Ministry; would vote with the Prohibitionists, and that they would do as the priests and preachers desired and vote for grants to church schools. The result was contra on all three counts. The supposed great power of

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\* At the election of 1899, 119,550 women and 159,780 men went to the polls, 71 per cent of the women of the Colony and 75 per cent of the men. In 1902 about 95 per cent of the women of the Colony were enrolled, and 75 per cent of those who were registered went to the polls and voted.

† As in the case of the men in this country, as well as in New Zealand, a considerable number of those who registered did not vote.

<sup>9</sup> *Saturday Review*, Vol. 87, p. 328.

<sup>10</sup> Chataquian, August, 1899, p. 485.

<sup>11</sup> *Saturday Review*, 87, p. 328.



religious teachers, exercised to the full, failed to change in the least the system of free secular education. The agitators for grants to denominational schools were placed in a more hopeless minority than ever. The Prohibitionists gained some notable victories, but local option has held the field, and till this year (1902) only one district adopted prohibition under it. And finally the women voted overwhelmingly with the Liberals, so that "they came out with 54 Representatives to 18 of the Opposition, even if all the Independents were counted with the Opposition."

On election day, the ladies were the first to vote. They were given the right of way in the morning hours, and by amicable arrangement were allowed in the cities to have certain booths pretty much to themselves until noon,—a New Zealand elector may vote at whichever booth in his district he chooses. The women went quietly in twos and threes and little groups. They were not canvassed on the way, nor molested in any manner. When the polls closed at seven o'clock over ninety thousand women had peacefully voted, and the proportion of spoiled ballots was very little larger than at previous elections.

There was "no confusion, no jeers or interference of any kind. All went as if the women had always voted. During the whole day not a single drunken man was to be seen anywhere." This is the statement made at the time by Mr. R. H. Bakewell, a gentleman who was most intensely against woman suffrage, Liberalism, and secular education. Some time after midnight it was known that the Progressives had swept the field, and with a sigh of relief or resignation the Colony went soberly to bed.

Three days later (December 1) Mr. Bakewell wrote the following lament: "The result of the election is now known, and it is a crushing defeat for the Opposition party, which is, in fact, almost annihilated. From the Middle Island only 4 members of the Opposition were returned and the leader of the Opposition, Mr. Rolleston, was defeated. In Wellington Robert Stout (Liberal and Prohibitionist) was returned at the head of the poll. In Auckland George Grey (Liberal) was returned at the head of the list. He is immensely popular with the women. The Colony is committed for three years to a course of extreme radical legislation. The Opposition is powerless. All the most powerful members are either defeated, or, like Sir John Hall, have given up politics. We must trust to beer and the banks to save us from absolute ruin. Such are the results of the Female Franchise! It is to be hoped that it will be a warning to English Conservatives. We shall probably for some years to come be a dreadful object lesson to the rest of the British Empire."<sup>12</sup> Mr. Bakewell's last hope for salvation from Liberalism did not materialize, for even beer and the banks were reduced to subjection by the Liberals. Instead of being a

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<sup>12</sup> R. H. Bakewell, in *19th Century*, 35, p. 268, *et seq.*

dreadful object lesson, New Zealand is regarded as a beacon light. Before the election Mr. Bakewell had predicted that the women would vote almost unanimously with the Conservatives. It must be very exasperating to a prophet when people won't do any of the things he predicts.

#### RESULTS.

The leading results of woman suffrage in the nine years it has been in operation, covering four Parliamentary elections, are as follows:

1. A greater regard to the personal character of candidates, and a decided improvement in the personnel of the Assembly. Honest dealing, political integrity and upright living count for more than oratory and party prestige. Even the comparatively slight hold of partisanship has been still further weakened, for the women show a strong tendency to vote for a man of high character in another party in preference to a candidate of questionable character in their own party. Character often weighs more with them than ability or party affiliations. On this point the evidence is emphatic tho not undisputed.<sup>13</sup>

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<sup>13</sup> Premier Seddon, who was at first unfavorable to woman suffrage, says, after seeing it work for nearly nine years: "One distinct change has been wrought: a man whose private and domestic or business honor would not bear inspection would not now obtain high public position." After the first election, the Sydney Morning Herald, December 9, 1893, remarked that it had been claimed that woman's vote would tend to a distinct improvement in politics, and said: "This has proved to be the case. Women in bulk all over the Colony have considered personal character, and voted in the majority of instances for men of good character and repute. The result is that the New Parliament is undoubtedly ahead of the last in character. It will be an eminently practical, business-like, and respectable House, yet a very radical assemblage." In the Forum, 23, p. 181 (1897), Mr. Lusk says: "At both elections—and markedly so at the last (1896), which took place a few months ago—candidates were favored whose personal character stood high and whose political record was irreproachable. Ability, even where it was well known and had long been publicly recognized, failed in many cases to secure election where personal character was questionable. Men new to politics, but credited by the public with honesty and good character, were again and again victorious over others who were not only better known, but presumably far more able. Finally, party distinctions seem to a considerable extent to have lost their hold upon voters, who, in not a few cases, appear to have preferred to trust a candidate ranged on the other side, rather than vote for one of their own party in whose character they had no confidence. Such would seem to be the results so far as candidates are concerned, and they are universally attributed to the influence of the female vote."

Mr. Reeves is not in harmony on this point. He says: "All but 2 or 3 per cent of members in the average colonial Parliament have always been at least respectable. All but the same small per cent are still respectable. There has been no change whatever." The weight of evidence, however, is against him. The *percentage* of respectability may not be materially altered, but the *degree* of respectability has changed, and the increased tendency to emphasize the character test in choosing among candidates is so manifest that the newspapers, both Liberal and Conservative, complain that men of distinguished ability and long public service have been turned down by the women's vote because of some blemish in their personal record.

Mrs. Atkinson, President of the Women's Christian Temperance Union of New Zealand, is inclined to agree with Reeves rather than with the Premier.



2. There has been a "marked and increasing improvement in proceedings of all kinds from the public meetings and platform speeches to the conduct of voters on election day."<sup>14</sup>

3. In dealing with issues the women appear to be less influenced by commercial considerations than the men, and more given to considering the ethical and humanitarian aspects of measures under discussion. This is what leads them to vote so strongly for temperance and against gambling, etc., and in favor of better protection of children and the destitute. The dollar weighs less with them, and human life and virtue more, than with the men whose lives are so full of industrial struggle and business cares. Thus their influence tends to balance in some degree the over-commercialism of the time. The women contribute their conscience, sympathy, and love of right; the men contribute their practical sense and experience and logical power. Each is stronger and better for the influence of the other. And the symmetry and balance of public life are rendered more perfect than if power were in the hands of either sex alone.

4. The weight of public opinion has been greatly increased, practically doubled in effect, and in reference to questions of justice and humanity much more than doubled. Twice as many human beings in each constituency are voters, and the politicians, to whom votes are the breath of life, are proportionately sensitive.<sup>15</sup>

5. The weight of the family has been increased, and the weight of the floating bachelor vote diminished. There is a marked tendency to vote by families, which gives new influence to the permanent interests represented by the family, as against the transient interests of the floating population, and diminishes the chances of ill-considered and hasty legislation. The elector who can easily leave the Colony if affairs become unpleasant is not likely, as a rule, to use his ballot as carefully and thoughtfully as the head of a family who is permanently located, and

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She thinks the hope that woman would make moral character the first essential in a public man has not been fulfilled, and says the claim that "a man whose moral character has the slightest taint upon it cannot be elected" is not true. She is doubtless right in this, but that does not invalidate the claim that "the women voters give more attention to character than men do," a statement which is supported by an overwhelming mass of facts and opinions.

<sup>14</sup> Forum, 23, p. 181, Lusk.

<sup>15</sup> Saturday Review, 87, 1890, p. 320.

cannot go away if things get into a snarl. Yet under universal male suffrage the voting power of the floater is as great as that of the family man. This is not so as a general thing under equal suffrage. It is not true that the women vote blindly with their own folks, voting the same way as their husbands, fathers and brothers. They couldn't do that unless they cast several different ballots apiece at each election. But it is true that a solid, honest, kindly man, who enjoys the confidence of his family because he deserves it, does in most cases have the additional influence of the votes of his wife and daughters. So the great preponderance of political power is given to the families, to the most permanent, important and elevated interests, and to those most entitled to influence legislation.<sup>16</sup>

6. The women are studying politics. They have formed a large number of civic societies, and these, through delegates, are coördinated into a National Council of the Women of New Zealand. This Council was founded in April, 1896. It meets once a year, and its sessions last about ten days. The members read papers, discuss the questions of the day and adopt resolutions bearing on political questions and social well-being. At first some of the papers made fun of the National Council, but it has survived that ordeal, and is now seriously accepted as an important public institution. As the Council represents many thousands of intelligent, wide-awake voters, its deliberations are watched by public men, and in many instances its recommendations are put in effect by the Government, either through administrative or legislative reform.<sup>17</sup>

7. In respect to specific measures supported by the women, it is admitted that improved provisions for industrial schools and the protection and adoption of children, raising the age of consent from 13 to 16 "in a country where women come to maturity much earlier than in England;" a strong law against keepers of places of ill-repute; appointment of female inspectors of factories, asylums and other institutions; laws against sweating and against gambling; the admission of women to the bar, etc., are largely due to their influence.<sup>18</sup>

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<sup>16</sup> Westminster Review, 143, p. 35

<sup>17</sup> North American Review, 168, p. 510 (1899).

<sup>18</sup> Reeves and Walker. "The White Ribbon," the official organ of the W. C. T. U. of New Zealand, in the issue of Feb., 1903, gives the following list of measures passed since 1893 affecting women and children, in the passing of which it is thought the possession of the franchise by women has had an

Not only has additional legislation against immorality been inspired by the women voters,—they have also inspired the Government to greater stringency in the administration of the laws against gambling, disorderly houses, etc. The women have stood steadfastly by the whole land, tax, labor and co-operative policy of the Liberal Government, and their influence helped to secure industrial arbitration and old-age pensions.

The National Council of Women, held at Christchurch, in 1896, passed resolutions in favor of the nationalization of the soil, a general compulsory 8-hour day and a minimum wage established by law; also a resolution that "in all cases where a woman elects to superintend her own household and be the mother of children, there shall be a law attaching a certain just share of her husband's earnings or income for her separate use, payable, if she so desires, into her separate account." The women of New Zealand ask for equal pay for equal work, whether it is done by man or woman. Firstly, as a matter of economic justice, and, secondly, in order that the woman may have the same freedom and independence as the man, and be under no temptation to accept, for the sake of a comfortable subsistence, a marriage that does not appeal to her heart.

The New Zealand woman demands equality of opportunity for her children. She does not cherish any ideal of a dead-level society. She expects a higher class in attainment, possession and responsibility. But all the doors must be wide open for her children to enter that class and climb for the top without more handicap than nature gave them.

We have already seen that the women stand firm for the secular public schools, in spite of the appeals of the clergy for church schools. It is said that woman's vote gave the workingmen the balance of power in New Zealand, and also that it secured the local option law. This is incorrect. The local option law was enacted before woman suffrage went into effect,

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influence: "A law making the conditions of divorce equal for both sexes; a Testator's Family Maintenance Act, by which the economic rights of wife and family are protected; an Infant Life Protection Act (to prevent baby farming); an act which admits women to the profession of Law; amendments in the Industrial Schools Act; Sander of Women Act; an Act to Provide Legal Separation without expense; an Act to regulate the adoption of children; an Act to bring Servants' Registry Offices under regulation; amendments made in the Municipal Act, giving wives a vote in virtue of the qualification held by their husbands; Technical Schools Established; an Act granting Old Age Pensions to both sexes; amendments to Factory Acts, which give girl apprentices better wages, and by which the health and interests of shop girls are safeguarded; an Act to raise the Age of Protection (Consent)."

and the workingmen (in fusion with the farmers) got hold of the Government in 1890, not 1893. It is said that woman suffrage has closed 25 per cent of the public houses,<sup>19</sup> and all of them after 10 P. M. That may be true. In one town, formerly noted for its drunkenness and disorderliness, absolute prohibition has been secured under the local option law, whereby the place has become one of the cleanest in the Colony, diminished its police, and its jail, for want of use, has been made headquarters for the Salvation Army.

The greatest complaint, and practically the only complaint now made against woman suffrage, is that it has not carried prohibition throughout the Colony, as some of the leading advocates of equal suffrage, Sir Robert Stout, for example, expected that it would do. The Prohibitionists did gain enough in the first election (1893) to pass a prohibition bill in the House, but it was turned down by the Senate, and at the next election (1896) prohibition was rejected, the ballot going in favor of candidates who believed in local option. In the elections of November 25, 1902, as we have seen, five more districts (making six in all, with Clutha) obtained the  $\frac{3}{4}$  vote required to establish prohibition, and there was a majority in the whole Colony for prohibition, so that the movement is now decidedly in favor of legislative teetotalism.

#### RESULTS IN NEW ZEALAND LEAD AUSTRALIA TO ADOPT WOMAN SUFFRAGE.

The experiment of New Zealand was carefully watched by Australia, and the results were so satisfactory that South Australia followed suit in December, 1894, West Australia in July, 1899, and New South Wales in August, 1902, the latter move being largely influenced by the fact that a few months earlier the national suffrage had been granted to women throughout the Commonwealth of Australia, the Federal Parliament having passed, in April, 1902, an act emancipating nearly 800,000 women, and establishing universal manhood and womanhood suffrage in national elections throughout the continent.<sup>20</sup>

Experience in New Zealand, Australia and our Western States,<sup>21</sup> unites

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<sup>19</sup> There are no "saloons" or mere liquor shops in New Zealand. The law does not recognize the sale of intoxicants as a business by itself, but only as an incident to a hotel or restaurant or victualer's business, to which the absorption of fluids forms a natural appurtenance. (Lusk, 23, Forum, 178.)

<sup>20</sup> Sir E. Barton, Premier of the Commonwealth, said, July, 1902, that "he was formerly an opponent of the movement, but had been converted to its support by observing the results that had attended its adoption."

<sup>21</sup> Wyoming gave women the full suffrage in 1869; Colorado in 1893; Utah and Idaho in 1896. Before September, 1893, women had municipal suffrage in one State (Kansas, 1887), and school suffrage in 19 States; and since that

in proving that if women possess the suffrage they will use it, that there is no disorder in consequence, nor rudeness to the women voters; that they are not afraid to go to the polls, nor do the men of any class try to discourage them from so doing. Household duties are not neglected. There is no sign of family discord, disdain for marriage, or any revolution in dress or manners. Enfranchisement has led

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date they have received some form of partial suffrage in 5 others, besides the two according them the full ballot.

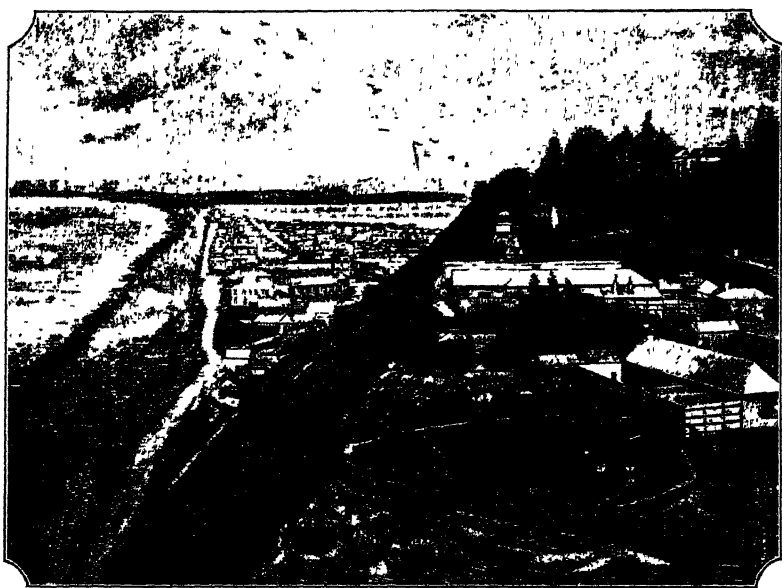
England gave women the right to vote in municipal elections in 1869, and has done nothing more. In the Australian colonies women had the municipal suffrage before 1893, New South Wales leading the procession by passing the Act of 1867, the New Zealand Act of the same year being broad enough to admit women taxpayers to the Burgess roll. Since 1893 women have received the full suffrage in three of the colonies, and in the Commonwealth as stated in the text

In America the development of equal suffrage seems more likely to be a growth, a State at a time, rather than a sweeping national change. Among those who have expressed themselves in favor of woman suffrage are John Quincy Adams, Chief Justice Chase, Charles Sumner, Wendell Phillips, Ralph Waldo Emerson, Wm. Lloyd Garrison, Henry Ward Beecher, George Wm. Curtis, John Stuart Mill, Chas. Kingsley, Harriet Beecher Stowe, Mary A. Livermore, Elizabeth Stuart Phelps, Louisa M. Alcott, Clara Barton, Florence Nightingale, James Freeman Clarke, Joseph Cook, Henry Wadsworth Longfellow, John Greenleaf Whittier, Wm. T. Harris, George W. Cable, Huxley, Theodore Parker, Phillips Brooks, Geo. F. Hoar, James A. Garfield, Abraham Lincoln, and Theodore Roosevelt. The latter voted for it in the New York Legislature, and when he became Governor recommended it in his inaugural message to the Legislature, January, 1899.

A few eminent men, like Dr. Lyman Abbott and Herbert Spencer, oppose woman suffrage. Spencer favored equal suffrage in his young manhood, but now opposes it, because, he says, woman cannot fight. His experience with women appears to be rather limited. The main argument advanced in this country against the female franchise is based on the physiological law of division of function, and the economy of division of labor. The sympathy of men with women is sufficient to insure justice to the gentler sex. Women are not adapted to politics, and it is a waste of power and life to require both sexes to study political affairs, when half the race can do the work as well, or better, than the whole. Equal suffragists reply that sympathy has not proved sufficient to secure justice, the law's favoritism toward men making it very clear who made the statutes; that political life cannot be managed as well without the conscience of woman and her superior devotion to principle to correct the overcommercialism of man, and that the study of political affairs is not a waste of power, but a valuable education to which women have a right. There is certainly force in the plea for division of labor in this complex modern life, yet it is clearly not conclusive—it is not generally thought that the men should do all the eating or all the wearing of clothes, or all the studying of arithmetic, riding on bicycles, or traveling on the railways, nor even all the making and spending of money—division of function is not the only law of life, and its application is limited by other laws.

Most thoughtful people in sympathy with popular government, and familiar with the irresistible movement of the 19th century toward democracy and the extension of the suffrage to class after class in the advance toward government by the people, believe in the ultimate enfranchisement of women, but opinions differ as to the time and circumstances that may justify the change. It is a question of the stage of development or degree of civilization to which the society has attained. In a community of low type democracy in any form may be a failure, as appears to be the case in some of our cities now. The citizenship must attain a certain degree of civic virtue, thoughtfulness, honesty, energy, and independence, or bandit gangs, bosses, and moneyed aristocracies will rear their thrones on the forms of republican government. The unconditional gift of the ballot to the negro at the close of the Civil War is thought by many to have been an injury to him and to the whites. It is true that women as a class are by no means so ignorant and undeveloped as the blacks at the time of their emancipation, but their knowledge of politics and practical affairs is not large enough to remove the doubt as to their fitness. One thing, however, seems to be clear, viz.: that if the door to progress is

neither to divided households nor divided skirts. On the contrary, family life has been strengthened with a new sympathy; politics have gained a new influence full of high motive and comparatively free from commercialism, the home has more weight in political affairs, and character has more weight in elections; temperance, morality, justice, and high principle have somewhat more influence in legislative bodies; and the passage and enforcement of humanitarian laws is more vigorously demanded and jealously watched. The strength of parties as a rule has not been much affected. The prophecies of evil indulged in before the experiment have not been fulfilled; and the millennium has not begun to perform in any of these countries, unless New Zealand may be deemed to have symptoms of an attack (which, however, began



NAPIER.

Chief town and port of the District of Hawke's Bay.

*From the villas and gardens of the wealthier citizens on Prospect Hill (a part of which is shown in the foreground) the view is exceedingly fine. The Bay is ranked with that of Naples, as one of the most beautiful in the world.*

*The women of the villas here and in the wealthier quarters of other cities did not take to the suffrage much at the first election, but have since shown their appreciation of the ballot and used it quite largely.*

opened by the adoption of the initiative and referendum, woman suffrage will come whenever the people are ready for it, which is likely to be as soon as any large part of the women manifest a desire and a reasonable fitness for it. Education and the referendum, therefore, appear to be true bases of the suffrage movement. The matter of supreme importance now is the extension of manhood suffrage to measures as well as men, so that the adoption of progressive measures of any sort may no longer depend on the interest or whim of a few legislators, but be decided by the voice of the community itself whenever the people so desire.

before equal suffrage was enacted). But it has, at least, been proved beyond question, that in free, wholesome, well-educated and well-developed Anglo-Saxon communities, women can be suddenly enfranchised in a body without doing the slightest harm to themselves or anyone else.

#### ANTICIPATIONS OF EXTREMISTS ON BOTH SIDES FAILED OF REALIZATION.

Desperate efforts were made in New Zealand at first to found a new party based rather vaguely on temperance, purity and patriotism, but it died a natural death. Woman's vote was honorably won, and, as is publicly recognized, has never been cast from unworthy motives, but it cannot be organized on an abstract proposition. It regards the exigencies of the time, and applies the principles of right and justice, and individual, social, and especially family welfare, to the concrete questions of the day.

Some of the enemies of the suffrage also thought it would turn things upside down. They too have been disappointed. It was feared the women would do too much. Now the indictment is that they have not done enough, so the Prohibitionists say, and the clergy who want denominational schools agree with them. Opinions of equal suffrage range from the view that it is a failure because it has not insisted on immediate prohibition, to the judgment that it is an unqualified success.<sup>22</sup>

The undoubted facts are that none of the dire predictions of the enemies of woman suffrage have come true,<sup>23</sup> nor all the rosy anticipations of its most enthusiastic friends,<sup>24</sup> but on the whole its results

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<sup>22</sup> Chautauquan, August, 1899, p. 485, "The experiment has been an unqualified success, and is now heartily indorsed even by men who formerly opposed it."

<sup>23</sup> Domestic discord, children forgotten, husbands uncared for, dress and appearance neglected, divided skirts, smoking cigarettes, scorn of marriage, general unsexing of women. Women wouldn't vote; would be insulted at the polls; parties upset; progress stopped. Women would vote as the priests and ministers told them to. Could be duped by any handsome, plausible man, regardless of his fitness for office. Didn't know enough to vote intelligently on national issues, etc., etc.

A member in debate in 1893, after saying he understood a petition of thirty thousand women had been sent to Parliament, declared that he was opposed to the measure. "Women were more impressionable than men, and more in the hands of the clergy," adding this delicious bit of argument: "It is always a first step in the decadence of a nation when men hand over government to women, and I think the country must be said to be tottering to its fall." (N. Z. Parl. Debates, Vol. 81, p. 142.)

None of the fears, big or little, have materialized, either in New Zealand or Australia. Sir E. Barton, now Premier of the Commonwealth of Australia, says that "in his experience of the practical working of woman suffrage he has not found one of the evils which it was predicted would attend its adoption."

<sup>24</sup> A mighty social revolution would result, a new era of truth and righteousness. "If it succeeds," wrote Mr. Fitchett in the Australian Review of Reviews when the New Zealand law was framed, "it will simply revolutionize modern politics all over the planet." The Prohibitionists considered their cause as practically won when they got the equal suffrage bill enacted (and it looks now as tho they would win, but how much depends on education and how much on woman suffrage may be questioned—the Prohibition States and the equal-suffrage States are not identical in America). Churchmen and Roman Catholics looked for a great reinforcement of the party hostile to secular education in the public schools, but have been disappointed.

have been beneficent; that it is now heartily indorsed by the people in general, including very many of those who opposed its adoption, and no suggestion of repeal is even hinted by any one; and that many of the Liberals have found their expectations fully justified. They voted for equal suffrage not merely on principle, but on grounds of practical reason and demonstrated fact.

#### WHY THE FULL SUFFRAGE WAS GIVEN TO WOMEN.

Mr. Lusk says that under a partial franchise women had for many years taken an active and intelligent interest in public affairs. "The general education act of 1877 provided for provincial school boards that were to spend the school moneys, choose the teachers, and erect and maintain buildings. These boards were elected by school committees and these in turn by the heads of families. Widows and wives, whose husbands were absent, voted. It was noticed that no one took more active and intelligent interest than the women, and they were gradually elected as members of the committees, in which capacity they rendered excellent service. Five years later (1882) the licensing laws were revised and licenses placed in charge of local boards elected by all the ratepayers, male and female. Again the women showed real interest and practical common sense, and the results were so good that in 1886 women were admitted to the ballot in all municipal elections on equal terms with men. All these rights were used by the women with such good common sense and understanding as to demonstrate their fitness for dealing with political affairs. And this demonstration is thought by many to be one of the principal causes of their advancement to the full suffrage in 1893."<sup>25</sup>

Mr. Reeves differs on this point. He says: "The women had left the elections alone, and generally speaking had not displayed the faintest desire to become voters. One or two of them had sat on school boards; a few hundred who were ratepayers were conducted to the polls every three years and recorded their votes without comment or observation. Otherwise women knew nothing of public life, and public life nothing of them. They were as unprepared for the exercise of their novel right as a newly-enfranchised class could well be."<sup>26</sup>

Another writer thinks an important cause of the victory of equal suffrage was the extended usefulness of the women of New Zealand.<sup>27</sup> Including the business of housekeeping, less than 1½ per cent of the

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<sup>25</sup> Lusk, 28 Forum, 177. Mr. Lusk has not noted that women taxpayers voted in Municipal elections long before 1886.

<sup>26</sup> State Experiments, Vol. 1, p. 213.

<sup>27</sup> "The New Zealand women have the franchise because they do their fair share of life's duties. . . . Sympathy of thought and action, through co-partnership of work and simple family life, is the key of the position." This is why the women got the suffrage in New Zealand, and why they vote in such close sympathy with their fathers, husbands, and brothers. (E. Reeves, Westminster Rev., 143, pp. 36, 47.)



capables are idle.<sup>28</sup> Substantially the whole body of women are living simple, earnest, useful lives in vital and helpful relation with the economic system of the Commonwealth. Taking so large a part in the active life of the State, the plea that justice entitled them to a share in making the laws, appealed to statesmen with especial force.

There is no doubt that all these conditions had some part in bringing about the enfranchisement of women, but the principal causes appear to have been the Prohibitionist belief that it would favor their cause, the Conservative belief that it would cripple the Liberal Party, and the conviction of leading statesmen and members of Parliament that it was the logical outcome of the principles on which free institutions rest

The five men who did most to bring the question to the front and keep it there, were Sir George Grey, Sir Robert Stout, Sir Julius Vogel, Sir John Hall, and John Ballance. Only one of these was a Prohibitionist, and only one was a Conservative at the time the act was passed. These men supported woman suffrage because they thought it just and right and in accord with democracy—they were convinced by the same arguments that were so unavailingly used by Mill on the other side of the earth;—and they all five honestly believed, not only that woman suffrage was an essential part of Government by the People, but that its influence would strengthen and purify public life.

#### Views of Premier Seddon and his wife

We may close this account of one of New Zealand's most interesting experiments with a few words from Premier Seddon and his wife.

<sup>28</sup> The following table shows how the women of New Zealand were occupied about the time the suffrage was conferred upon them.

#### *Occupations of Women in New Zealand Census of 1891*

Housework.	
Wives or widows performing domestic duties . . . . .	83,800
Relatives assisting in same . . . . .	35,600
Others assisting in same, including visitors, lady help, etc. . . . .	4,500
Paid domestic servants (largely for widowers, 7,700) . . . . .	13,800
General Industry.	
Paid industrial, commercial, agricultural, and professional workers . . . . .	28,200
School.	
Girls at school and college . . . . .	69,400
Girls receiving tuition at home . . . . .	4,400
Infants and children at home, non-assisting . . . . .	46,600
(41,600 of them under 5 years of age.)	
No Occupation.	
Women of independent means . . . . .	2,100
In asylums (700), hospitals (200), jails and reformatories, plus refugees, beggars, vagrants, etc. (1,600) . . . . .	2,700

The total number of women over 14 was 169,000. Of the 2,100 women of means, more than 500 were over 65 years old, and at least 1,000 of the 1,600 in the last line were sick or incapable. So that less than 1½ per cent of the capables between 14 and 65 were idle. Out of 90,000 wives, 80,000, or 90 per cent, managed their home work without paid help.

There were nearly 14,000 earning wages in domestic service, and twice that number working as school teachers, factory hands, sewing girls, sales girls, clerks, etc. The universities and colleges were open to women, and a few scores had taken degrees, but there were no lady lawyers or doctors. There are now perhaps a dozen woman doctors in the Colony, and since the admission of women to the bar two or three have availed themselves of the privilege.

The Premier says. "When the law was first passed, some of us were very doubtful of it. Some years ago I voted against woman suffrage. But in 1893 the head of the Government, Mr. Ballance, pledged the Ministry, of whom I was one, to carry it through. Mr. Ballance became ill, the task of carrying through the bill fell on my shoulders, and altho not over-convinced of its wisdom, I was in honor bound to see that it was passed. It has now been law sufficiently long to remove it from the experimental stage, and to show how it will affect the home life of our people. The best proof of its success may be found in the fact that there is not even a whispered suggestion of repealing it. It has come to stay."

"In matters of social reform, the care of children and of the aged and afflicted, the women of the Colony have taken the deepest interest. The effect of the change upon the elections has been most gratifying. Since the passing of the Act, hotels are closed upon election days, canvassing is stopped, electors on their way to the poll cannot be interrupted, and all is safeguarded in such a way that women can go to vote for a member of Parliament with the same safety and propriety as tho they were going to a place of worship."

"The fear had been expressed by many in New Zealand that the granting to the franchise to women would lead her to forget her place in society, and to the neglect of her home duties. But they have found their fears on that score to be utterly groundless. The women of the Colony have not been in the slightest degree unsexed, and with their worthier and larger sphere of action they stand higher to-day than they did formerly."

In answer to the question: "How did women get the suffrage in New Zealand?" Mrs Seddon replied:

"By the ordinary machinery; petitions, public meetings, and personal pressure upon Members of Parliament. The agitation for it began a good many years ago, then languished for awhile, and then became very earnest again. It was supported always by the Conservatives, who were under the impression that women would vote mainly on their side, but this expectation has not been justified. It was a Liberal Ministry, with my husband at the head, that gave the franchise to women, and at the elections that have since taken place women have maintained the same Government in power."

"Were you in favor of woman suffrage before it was obtained?"

"No; I was opposed."

"Will you please tell me why?"

"It was because I thought that women should not mix with anything so rough as contested elections used to be. I thought they were better out of the turmoil of politics, and that it would be unpleasant for them to be canvassed and to have to vote."

"Do you now believe, in the light of experience, that it is a good thing?"

"Yes, most decidedly I do. There has been no disturbance and no unpleasantness of any sort connected with it, and it has done the women a great deal of good to take an interest in public affairs."

"Tell me about the 'discord in families'."

"Oh, there is nothing in that at all. Our married women vote, and so do girls living at home, if over 21, but we find that where the family life is at all what it ought to be, there is apt to be a family opinion. Of course, it is possible that sometimes the vote is given by husband and wife, or father and daughter, in different ways; but, as a rule, we find that families all work together."

"One thing more: has there been any attempt on the part of priests or ministers of any denomination to manipulate the women's vote? A good many men in our country who deny representation to women give as their real reason their fear that women would be priest-ridden. Has anything like that been found to be the case in New Zealand?"

"Certainly not," said Mrs. Seddon, emphatically. "In New Zealand we have perfect religious equality. There is no State Church, as in England. In the management of public affairs, altho, of course, any minister would have his own personal influence with his friends, yet the public opinion of the women voters, as much as that of men, would be at once roused against any attempt to introduce direct clerical interference with secular affairs."



A CIVIC TYPE.

*Thoughtfulness and beauty are not inconsistent. Thought adds a charm to beauty, and lifts even the plain woman far above the mere butterfly beauty. Where the women not only win love and admiration for their sweetness, goodness and physical attractions, but also command respect for their reason and judgment, the civic question, "Shall our mothers, wives and sisters be our equals or, our subjects?" acquires redoubled force.*

## CHAPTER 49.

### CARING FOR LABOR.

#### THE LABOR DEPARTMENT AND EMPLOYMENT FOR THE UNEMPLOYED.

The interests of Labor have received no less attention than land, taxation, credit, the liquor traffic, and the electoral laws. In fact, in the truest sense, the land and tax and credit laws are labor laws, for they all advance the interests of the farmers, and artisans, and other working classes, and cut the ground from under their opponents. But in the narrower sense of labor legislation the Liberal Parliaments have been very active also.

In May, 1891, a deputation headed by the members for Wellington, waited on Premier Ballance to urge that the Government should deal with the problem of the unemployed. The Premier had with him the Hon. Wm. Pember Reeves, Minister of Justice and Education. During the discussion the suggestion was made that the Government should use its officials to furnish reports from the country districts, where there might be a demand for workmen, and so enable the idle workers crowded in the cities to know where work could be had. Minister Reeves caught at the hint, and at the Premier's request took the matter in hand. From that incident grew the Labor Bureau of New Zealand, which has been copied in each of the five continental colonies of Australia.

The New Zealand Labor Department<sup>1</sup> has at its head a Labor Minister, who is a member of the Cabinet. The Depart-

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<sup>1</sup> Mr. Reeves was the first Minister, remaining in office till he went as Agent-General to London, in 1896. Since then Mr. Tregear has been Labor Secretary. The Department was really established as a practical recognition of the "right to work," and the example has been followed.

New South Wales and Victoria, as well as New Zealand, have practically admitted the right to employment, and the obligation of the State to aid the unemployed to find work.

ment has four functions. First: It relieves the unemployed by aiding them to get work. Second: It acts as the channel through which the Government obtains manual workers for the public service. Third: It inspects factories and shops, etc., and sees that labor laws are enforced. Fourth: It publishes a monthly labor bulletin.

The collection and publication of statistics is not neglected, but the *first* duty of the Department is to find work for workless men.<sup>2</sup> Its public employment bureaus have become one of



HON WM PEMBER REEVES

THE FIRST LABOR MINISTER.

*With the sympathy and assistance of Premier Ballance and other members of the Liberal Cabinet, Minister Reeves established the State Employment Bureau, with agencies all over the Colony, to act in conjunction with the State Railways and the Public Lands Department in a systematic effort to aid the unemployed in finding work and building homes.*

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<sup>2</sup> In 1895 the Government set up a Registry Office, or employment office, for female servants in Wellington, as a branch of the Labor Bureau, and all the registry offices on the island were regulated and put under the control of the Labor Department. Women and girls had sometimes been badly treated by the private employment offices,—overcharged or induced to put up at a boarding house owned partly or wholly by the keeper of the employment agency, and kept dangling till their savings were spent; or they might be sent to a disreputable place. Mr. Reeves says that such extreme cases were not common, but that petty trickery and overreaching were common enough till the Servants'

the most helpful features of New Zealand life. The chief agents in this work are the factory inspectors, and the smaller agents are the policemen. The policemen all over New Zealand are on the lookout for opportunities for employment to be reported to the labor bureaus. The main object is to get the workless out of the cities and larger towns, and into the country districts where they are needed. There is work somewhere for every reasonably-efficient and fairly-decent man if he only knew where to look for it. But left to himself the impoverished workman out of a job and out of money, does not know where to go. So the Government, his Government, the great coöperative association to which he belongs, steps



TENTS FOR THE UNEMPLOYED WHO GO TO WORK IN THE FORESTS AND ON THE ROADS IN THE OUT DISTRICTS.

in and helps him to find work somewhere in the public service, or with some private employer who has applied to the bureau for a supply of labor, or who is reported as needing help. And to smooth still more the path of honest industry the Department gives the men passes on the State railways. They under-

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Registry Offices Act of 1895 required employment agencies to be licensed and registered, regulated their fees, and subjected their books and methods to the inspection of the Labor Department. The law also forbids the combination of a registry business with the keeping of a boarding house. After this law had been in operation 6 years New South Wales thought well enough of it to copy it in December, 1901.

take to refund the fares out of their earnings, and if they go into Government employ, the fares are afterward deducted from their wages. The Government it is thought does enough for them in giving them work at good wages and advancing their fares. But when the unemployed go at their own risk to look for work in some outlying district it is not usual to require them to refund the railway fares.<sup>3</sup>

The first 12 months the Department found work for 2,974 people, 2,000 being placed in private employ, and 974 in Government employ. In the 5 years from 1891-96, when work was slack, the Department placed over 14,000 deserving workmen, sending 8,981 men into Government employ, and 5,139 to private employment. From June, 1891, to April, 1902, the Department found work for 28,700 men with 64,900 dependents.

The Labor Department, Police Department,<sup>4</sup> Land Department, and Public Works Department with its railways, roads, water works, and building operations, all coöperate to find work for the unemployed, and settle the workers on the land with homes of their own. The efforts of the Land Department to provide suburban homes for men working in the cities, have been described in the chapter on Compulsory Repurchase. The aid of the Railway Department through low fares for workmen in and out from their work will be stated in the chapter on Railways for Service. The system of coöperative

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<sup>3</sup> Reeves, *State Experiments in Australia and New Zealand*, Vol. 2, p. 220.

<sup>4</sup> In the *Westminster Review*, Vol. 144, December, 1895, p. 641, I find the following interesting statement by the cultured New Zealand writer, Edward Reeves:

"Englishmen who know the measure of success that has attended even the praiseworthy little efforts of the Salvation Army to bring together employers and unemployed, hardly need be told in detail what can be done by a Minister of Labor with an enthusiastic staff under him; with 200 special agencies; with a zealous helper in every magistrate and police constable in the Colony, thoroly knowing and reporting monthly to him the character, needs, and capabilities of every employer in every police district; by a Government department having full power to convey men over 2,000 miles of railway, or by steamer or coach to where employment and the Minister's agents await them, and to recover out of the future wages of the benefited and grateful laborers passage moneys advanced to them and to their wives and little children. Such an organization is rarely deceived by the undeserving. Confronted by the officers in blue, who know his antecedents, and can show to him his whole past history neatly docketed, the 'moocher,' the true loafer, here at least, meets his match. The Labor Bureau is an admirable institution. It is in its infancy, and will probably show more brilliant results when the system has had time to be perfected. Meanwhile it can boast that from June 1, 1891, to December 31, 1894, timely succor, unalloyed by the taint of charitable aid, was given to 12,053 workmen, on whom were dependent 27,381 persons. Of the total amount advanced to these persons for railway and steamboat passage and other purposes, 81 per cent has already been refunded."

employment on the railways and other public works will be discussed in the chapter on Cooperation. It remains for us to state here the special forms of land relief not already described, and then direct attention to the specific "Labor Laws" of the Colony, some of which are among its most famous enactments.





## CHAPTER 50.

### LABOR AND THE LAND.

The placing of labor on the land has always been one of the great objects of New Zealand Liberals. Ballance began the work on a permanent basis in 1886, and McKenzie continued it in 1891 and succeeding years.

The Land Department allows a man to take a lot of 10 to 200 acres on lease in perpetuity in one of its 46 or more "improved-farm settlements," remits or abates the payment of rent till he is able to pay it, advances money up to \$50 for a single man, and \$150 for a married man, to help him build a home; and gives him employment in coöperative groups on half time, making roads or constructing railways or other public works near by, so that he can make a living while he is clearing and planting and raising a crop; or it will pay him wages for clearing and sowing his own land, adding the advances to the capital value of the land on which he is to pay rent.<sup>5</sup>

This is McKenzie's pet idea, but village-settlements and special-settlements, like those started sixteen years ago, are also provided for by the present land laws, and are still developing. By such means the unemployed are given work and homes, and the poor from the slums of the cities are deposited on the land. According to the last report (1902) the improved-

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<sup>5</sup> New Zealand Year Books, 1902 and preceding years. The following, from Edward Reeves, December, 1895, is interesting in this connection:

"Roads through Crown forests are in future to be made by the unemployed that have passed the test of *coöperation*. Along the lines of road sections of land, on which they can work for themselves every alternate fortnight, are to be allotted—*men with families being preferred in the first place* as making the best permanent settlers; married men without children in the second; a man engaged to be married in the third. It is proposed to erect saw mills, which the men will be taught to manage. Trees will be cut into lengths suitable for wood pavement. By Government agency the timber will be carried to and sold in European markets, where the demand is practically inexhaustible, thus not interfering with local trade or private enterprise." (Westminster Review, Vol. 144, p. 642.)

farm settlements, village-homestead settlements, coöperative associations, and other special settlements that have grown out of Ballance's efforts to afford employment and settle labor on the land, contain in all about 15,000 people, occupying over 200,000 acres. A similar movement in the United States in proportion to population, would give us labor and cooperative settlements containing nearly a million and a half of people, and occupying 20 million acres.

The Government outlay for each "village settler" is \$30, for each "improved-farm settler," \$680, and for each tenant of the repurchased estates, \$5,000. The average area is much



A HOME IN A VILLAGE SETTLEMENT.

greater in the latter class, and the figures represent improvements as well as land-value. But the small cost of village-settlements, and the splendid service rendered by the settlements and the workingmen's hamlets in attracting out of the city on to the land the class of people most in need of fresh air and sunlight, attaches great interest and invites peculiar attention to these methods.

The people are healthy and contented, living in happy homes beyond the reach of want, and the public Treasury has made a profit from the venture. No charity was inflicted upon these

people. The Government gave them nothing but a chance to earn their living. No food or clothes or money was given them; advances were made to them but they had to pay for everything in the end. The result has been that their character as well as their comfort has been improved, and they are earnest, independent, self-respecting, hard-working citizens of the thoughtful Republic.<sup>6</sup>

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<sup>6</sup>New Zealanders call their country "The Ideal Republic." In the strict political sense of the word, of course, it is not a republic, because of its relation with England (see chapter on the Constitution). But in spirit and substance it is more truly a republic than many a state that has the form through-out.



HOMES FOR THE HOMELESS.

## CHAPTER 51.

### THE STATE FARM.

To help men who are out of employment and to aid in transforming non-effective into effective labor, a State Farm has been established at Levin under the management of the Labor Department. Eight hundred acres of heavy forest and scrub were assigned by the Land Department for the purpose. The unemployed were put to clearing off the timber, working coöperatively on good wages. The sales of timber and produce, the value of the improvements, and the rise of land values have recouped the cost of the enterprise; and many families have been supplied with temporary homes, and their breadwinners changed from uninstructed and inefficient workmen into skillful, self-supporting, and self-respecting workers able to get employment anywhere.

The majority of the tenants are elderly men who never learned to farm or to do anything else in good shape. They are taken to the farm with their families, taught to use the axe and the spade in coöperative groups, instructed in the science of agriculture, and changed into excellent workers, who take up land themselves or get good places outside.<sup>1</sup>

The scheme is very similar to one of the parts of Gen. Booth's plan. I have seen in the General's shops in England

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<sup>1</sup> Mr. Tregear, the present Labor Secretary, advocates State farms for the retention and discipline of the "incurably vagrant atoms of the population," the loafer on his wife's earnings, the habitual drunkard, etc.—every sympathy and help for the honest worker out of employment, but discipline for the unemployable,—compulsory employment for the "bum." The New Zealanders of long residence in the Colony tell me they do not know of any "tramps" of the professional sort, such as we have in great profusion, yet there are men who do as little work as it is possible to contrive to do and live. In fact, there are two classes of these parasitic human microbes, one rich and one poor, both very small in New Zealand, but still present. It is the poor parasites Mr. Tregear has in mind in his idea of compulsory employment. The other sort are harder to deal with, but even this germ disease of the body politic will yield to the cleansing power of education and a reasonable equalization of the economic circulation or wealth product of the community.

groups of workmen of the same class that go to New Zealand's State farm. The purposes are the same also—employment for the unemployed, industrial education, and the graduation of class after class of well-trained experts, if possible, or self-sustaining, competent workmen at the least. The principal difference is that in New Zealand the Government has taken vigorous hold of the work of caring for the unemployed, and so it is done on an adequate scale. Whereas in England the Government has been too much occupied with schemes of power and money-making, to give any attention to so trifling a matter as helping work people get a living, and become good self-sustaining citizens. So General Booth has been left to wrestle with the problem of cleaning out and renovating the products of English slums, which, with the means at his disposal, is much like bailing out an ocean steamer with a tin cup.

If Governments did their duty by the children of each generation in the way of industrial education there would be no need of State help for elderly inefficiency, but so long as the present system, or lack of system, endures, the State should make provision for the non-effectives. If the channels are left unguarded so that ships may go upon the rocks, there should at least be some life stations to save the shipwrecked sailors.



## CHAPTER 52.

### THE FACTORY LAWS.

Factory legislation began in New Zealand away back in 1873, when Vogel was Premier, but the splendid laws that have lifted the 50,000 operatives of New Zealand far above the factory workers of other lands in general comfort and condition, belong to the recent Liberal years.

In September, 1873, with almost no debate or objection Parliament passed a bill embodying the principle that no woman or girl should work more than 8 hours a day in a workroom, and that the employment of a single person of the weaker sex in working on articles for trade or sale would make the place "a workroom" within the meaning of the law. It also prohibited factory work for females at night, and between 2 o'clock Saturday afternoon and 9 o'clock Monday morning; provided that the regular day should not begin before 9 A. M. nor end later than 6 P. M.; and secured four full holidays in the year, all without loss of pay. It was further enacted that "All workrooms shall be properly ventilated." The law did not include piece workers nor shop women nor males of any description, but a beginning had been made and the fundamental principles of factory regulation recognized.

In the next twelve years a few small amendments were made. Piece workers were put on the same footing as time workers. Children between 10 and 14 were put on half time, and in 1881 the factory age was raised to 12 years. Boys under 18, as well as females, were not to work at night, nor over 8 hours a day.

In 1889 the sturdy Scotch of Dunedin were startled to find that the sweating system had established itself among them. Seamstresses were working intolerable hours for starvation wages. Merchants under stress of competition were giving out contracts to small firms or individuals who set up little workshops employing handfuls of women and girls. Goods were also given to solitary outworkers. The class who looked to sewing for a partial support or for pocket money, were the worst enemies of the drudges who had to live by the needle's earnings. The wages of finishers and sewing machine women had fallen 23 per cent, and with some of the outworkers the fall was greater still. In some factories women could not make over 36 cents by working all day and taking work home to fill the hours till midnight. More fortunate workers, by finishing 2 or 2½ dozen cotton shirts a day,

could make \$3 or \$4 a week by working every day and every night and Sundays.<sup>1</sup>

The Otago Daily Times, one of the ablest Conservative papers in New Zealand, exposed the situation, and public sentiment was roused, not only in Dunedin, but throughout the Colony. A committee of leading men was formed to devise means of abolishing the evil. They set to work to awaken a public demand for an effective factory law, and to organize a local union of the tailoresses. The union came first, and with public sentiment back of it, secured much better wages and conditions for the sewing women of Dunedin.

In 1890 as a result of the Dunedin agitation a Royal Commission was appointed to inquire into the state of labor and industry, and its report led the Atkinson Government to lay before Parliament a Factory and Shops Bills somewhat on the lines of a very unsatisfactory act that had been passed in Victoria in 1885. The portion of the Bill dealing with factories, much amended and improved, was passed by the Progressive Parliament that came into power in 1891. In 1894 and 1896 other important factory acts were passed, and in 1901 the whole law of the subject was revised, improved, and consolidated.

#### WHAT IS A FACTORY.

The law of New Zealand defines a *factory* as *any room or place where two or more persons are employed*, or where there is machinery driven by artificial power for preparing articles for sale or trade, or packing goods for transit. Every bake-house and every laundry is a factory, as well as a woolen mill or a shoe shop. The occupier of the factory is counted as one of the two persons required to constitute a factory, except that a man and wife working together are counted as only one. This definition makes the smallest work rooms factories within the regulative provisions of the law.

#### AGE, HEALTH, EDUCATION.

*Children under 14 may not work in factories.* Inspectors may grant permission for younger children to work in the smallest kind of factories, but permission is seldom given. No girl under 15 can be employed at typesetting, nor under 16 at any work in a place where dry grinding in metal works, or the dipping of lucifer matches, is going on, or in brick or tile or glass works, etc.

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<sup>1</sup> Investigation of the shirt makers and sewing women of Auckland in 1892 showed average wages of \$2.50 a week. Some young women who had been years at the trade, and were good workers, only received \$2.25 a week, and the hours were very long.

*Between 11 and 16, in order to work in a factory, children must have a certificate of physical fitness, and must have passed the fourth standard in the public schools, or an examination equivalent to it.*

#### GENERAL CONDITIONS.

The law requires good ventilation, ample air space for each employee, fresh drinking water, and proper times and places for meals. Every factory must apply proper sanitary arrangements, and must be kept clean. Machinery must be well guarded, and safe, and fire escapes must be provided. Other provisions relating to holidays, hours, wages, sweating, etc., are so novel as to warrant description in some detail.

#### HOLIDAYS AND HALF-HOLIDAYS.

Women and boys under 16 are entitled to 6 whole holidays per year, and the factory must give a half-holiday beginning at 1 p. m. one afternoon each week, which must be given to piece workers as well as time workers, and without deduction of pay in case of the latter. In practise about all the factories close on Saturday afternoons. The law is firmly enforced. A man cannot even keep his own daughters working in the hours that are made theirs by the factory acts.

#### HOURS.

The hours for females and boys under 16 were limited to 48 a week by the earlier laws, but the *act of 1901* reduced the time to *45 hours a week* (except in woolen factories, where 48 hours are allowed), and a woman or child is not to work over  $8\frac{1}{4}$  hours in any one day,<sup>2</sup> nor more than  $4\frac{1}{2}$  hours continuously without at least  $\frac{3}{4}$  of an hour for meals and rest, nor after 1 p. m. of one working day each week, nor at night (from 6 p. m. to 8 a. m.).

*The act of 1901 declares that with a few specified excep-*

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<sup>2</sup>With the written consent of an inspector, a woman or boy may work overtime not exceeding 3 hours a day, nor more than 2 days a week, or 30 days in a year, and not on any holiday or half-holiday.

Overtime must be paid for at a higher rate than ordinary time. The extra pay must not be less than 12 cents an hour for those receiving \$2.50 a week or less, and not less than 18 cents an hour for others. The clause on this point in the law of 1894 was the first legal provision for a minimum rate of pay enacted in the colonies. The rate of overtime pay for piece workers must not be less than 25 per cent above ordinary rates.



tions,<sup>3</sup> no male worker shall be employed in or about a factory for more than 48 hours a week, nor over 8¾ hours in any day, nor more than 5 hours continuously without an interval of at least ¾ of an hour.

The earlier laws did not directly provide short hours for men, but confined their attention as to hours to women and children. The old regulations, however, respecting women and children had the effect of securing a practical 8-hour day for the great majority of workers, men as well as women, because most factories and workshops could not be run to advantage without the women and children. But there were exceptions until the recent enactment carried the law to its logical conclusion.

*When we consider that the hours and conditions of labor determine the amount of leisure and vitality the workers are to have left for social intercourse, intellectual improvement and civic thought and activity, we may get an inkling of the measureless importance of these labor laws in their relation to civilization and government, especially in a democracy.*

#### ABOLITION OF THE SWEATING SYSTEM.<sup>4</sup>

For the extinction of sweating the Factory Acts afford publicity and limitation of outwork, while the Arbitration Law offers full relief through thoro regulation of wages and conditions for any body of workers who choose to organize and avail themselves of its provisions.

The Factories Act of 1891 required full records to be kept of all work done outside the factory, names and addresses of the workers, quantity and description of work, and remuneration received for it, and these records were subject to the scrutiny of the Government inspectors.

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<sup>3</sup> Men engaged in getting up steam for machinery, or employed in bacon or sausage-casing factories, dairy factories or creameries, fish-curing and preserving works, freezing works, jam factories or canning factories, felt works and fellmongeries are excluded from the 48-hour provision.

Awards of the Arbitration Court, establishing hours after the passing of the Factories Act (1901), may override the 48-hour section. And in January, 1902, the Court, with the consent of both the masters and men concerned, fixed the hours for the bakers in Auckland at 9½ per day.

The Arbitration Court may also award hours shorter than those provided for by statute, and has frequently done so, as we shall see in a future chapter.

<sup>4</sup> The term "sweating" is applied to the employment of men, women, or children in dwelling houses to make clothing, cigars, or other articles at starvation wages.

In 1894 it was further provided that a label should be affixed to all articles made outside, so that the purchaser might know exactly the conditions under which they were manufactured. Every merchant, agent or distributor who issues any textile material to be made up by piece workers or home workers in articles for sale, comes within the law, whether he has a factory or not.

The label, which must not be less than 2 inches square, is this form:

MADE BY FLORENCE DONALD

AT NO. 210 HANOVER STREET

IN A

PRIVATE DWELLING

OR

UNREGISTERED WORKSHOP.

AFFIXED UNDER THE FACTORY ACT.

*Any person unlawfully removing or defacing this  
label will be prosecuted.*

Such a label must be attached to all textile goods made or partly made in a dwelling or unregistered work-room, and must not be removed before the clothing is sold. Failure to affix such a label where required by law is punishable by fine as high as \$30 for each offense, and improper removal of a label is punishable up to \$100.

The act of 1896 declares that if the occupier of any factory lets out textile work to be done outside, it shall not be sublet or done anywhere except on the contractor's own premises by himself or his own work people to whom he pays wages; and no one employed in a factory or work-room is to do work for such factory anywhere else than in the factory.

All the provisions above stated are consolidated in the Factories Act of 1901.

BOYS AND GIRLS PROTECTED.

WAGES SECURED TO YOUTHFUL WORKERS.

A practise near of kin to sweating is that of employing girl

and boys without pay on the plea of teaching them the business or some similar excuse, and after a time discharging them and filling their places with new workers on the same plan. Factories and stores would engage girls and boys for three months or so, telling them that they could not expect pay till they got some experience and learned enough of the business to be of value to their employers, then they would be paid. At the end of the three months or other period of sham apprenticeship, they would let the young people go as not being worth anything, or on some other ground, and take a fresh lot on the same terms. Such methods are unfair to the workers, and to honest merchants and manufacturers, and are condemned by rightminded people in America as well as in New Zealand. But New Zealand has gone further than condemnation—she has abolished them.

In 1895 it was found that 591 factory girls were working without pay, and 175 for 60 cents a week or less. In 1898 the number of unpaid young girls had risen to 872, of whom 733 were supposed to be learning dressmaking or millinery. In 1899 the "Employment of Boys and Girls Without Pay Prevention Act" was passed, forbidding the employment of young people without pay, and providing that the wages of boys and girls under 16 should not be less than 5 shillings (\$1.25) a week, with an annual increase after that age of 3 shillings weekly until the age of 20. This is for the 8-hour day, and irrespective of overtime. Wages must be paid in full at least once a fortnight, and no premium for employment or apprenticeship may be given or taken.

These provisions are incorporated in the Factory law of 1901, but, like the clauses against sweating, they apply to a much broader field than factory life, and they are carefully enforced throughout the Colony by the earnest inspectors of the Labor Department.

#### INSPECTION AND ENFORCEMENT.

Every factory must be registered and is subject to rigid inspection by State officers. There is a chief inspector and 163 local inspectors, one for each district. They may examine a factory at any time, and the manager must give all information that is desired about the workers, machinery, etc. A record

must be kept of the names, occupation, hours, and wages of each employee, and the age of those under 20, and this record must be open to the Labor Department inspectors at all times.

Effective inspection began at the opening of 1892. Many factories were found to be too crowded, not enough air space, poor sanitation, etc. In many cases women and children were working long hours for low wages, boys and girls sometimes without pay. Within three months the inspectors had stipulated for improvements and alterations in 913 factories, and by 1896 excessive hours and bad sanitation had been pretty well hunted out of factory life in New Zealand. The extermination of sweating and the quasi-theft of child labor, proved a longer task as we have seen. There is still work for the factory inspectors to do, but the worst evils have disappeared, and others are fast disappearing under the pressure of the Liberal laws.

Most of the employers are ready and willing to deal fairly with their employees, and very glad to have the law control the conscienceless few who would otherwise break down fair conditions by ruthless competition. After the housecleaning was over, the clearing out and re-arranging necessitated by new legislation, things have run on smoothly for the most part. The great Labor Minister Wm. Pember Reeves bears frank testimony to "the general good humor and honesty with which most employers have accepted and complied with recent restrictive laws"—factory and shop laws, industrial arbitration, etc.

Against the few fractious people who do not adjust themselves to the labor laws the fines and penalties are vigorously enforced, and they soon discover that the laws are not dead letters, and that the inspectors cannot be trifled with, evaded, bullied, or bought. Here are some of the cases under this section and the next. An employer fined \$40 for working his girls overtime for two successive weeks. Another fined \$10 and costs for not allowing one of his female employees a full hour for her dinner. A baker who kept his own daughters working all night one time, was arrested as soon as the inspectors learned the fact, and charged \$5 for each girl, with the warning that the next time it would be \$50. A restaurant keeper who worked his waitresses overhours one day was fined \$36, etc., etc. Nevertheless, the laws are liberally interpreted,

and administered with common sense. If there were an unexpected crowd of people in town or other emergency requiring extra work in bakeries and restaurants, etc., and no time or opportunity to secure extra help, an employer asking his workers to serve overtime, and treating them right as to extra pay, and time relief on succeeding days, would not be molested. It is the people who disregard the spirit of the law who have to pay the fines.<sup>5</sup>

No doubt there are breaches undiscovered. No law is perfectly obeyed. But incalculable good has been done already. And the law is likely to be more and more perfectly carried out each year, for the inspectors learn where to expect violations and watch for them, and the sentiments and habits of the whole people tend to grow into harmony with just and useful laws that are steadily enforced.

There is a tremendous contrast between the sickly, jaded, frowsy, overworked and underpaid girls in some of the mills and factories (not to speak of the sweatshops) of this great country, where they are working ten, eleven, and even twelve hours a day (in dingy, dirty, ill-ventilated rooms), ignorant, coarse, and inefficient, because deprived from childhood of reasonable opportunities of culture and development—a tremendous contrast between these girls and the healthy, rosy cheeked, well paid, well dressed, well bred, well educated mill girls of New Zealand, working 8 hours a day with a weekly half holiday and lady inspectors, liberal laws, and an Arbitration Court to guard them against abuse, and still further improve their condition.

Some American travelers in New Zealand have been specially struck with the rosy, healthy mill girls happily at work or merrily riding to and from the factories on their cycles. And the eminent judge sent to New Zealand from New South Wales to examine the working of the Arbitration Law could not refrain in his report from enthusiastic praises of the factory system. Speaking of his visit to an Auckland shirt factory he says: "It was one of my pleasantest official sights, to see the large number of healthy girls working under

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<sup>5</sup> In cases where the broad rules of the statutes would not work well, the inspectors may grant permission for overtime, etc., within moderate limits; and the Arbitration Court, by an award adapted to the specific conditions of the trade, may entirely depart from the statutory rules.

*conditions which seemed almost perfect. Incidentally, I would pay my tribute of admiration to the excellent provisions of the Factories Acts which result in this state of things being normal with all the operatives."*



## CHAPTER 53.

### THE SHOP ACTS.

If there is an occupation in which long hours are an absurdity from every point of view, it is that of the ordinary storekeeper. In the case of factories and farms, it is possible to argue that more product and more profit may be secured with a long day than with a short one. But it is not possible to argue that the customers of ordinary shops will buy less if they have to do their buying in fifty hours a week instead of eighty. If some shops close early and others do not, the former may lose some custom, but if all the stores close early business is not lost but simply condensed into fewer hours. Restaurants, soda fountains, and similar places of amusement and recreation, are of course not included in the phrase "ordinary shops." Ordinary retail shops are not wealth producers, but simply distributors. No nation is richer because competition and lack of organization drive its shopkeepers to make prisoners of themselves and slaves of their employees. On the contrary it is poorer by just the amount of benefit that would result to shopkeepers and assistants, and indirectly to others, from the leisure for health, culture, social development, etc., afforded by closing one afternoon in each week and a few hours before bed time on other days.

Such considerations and the desire to do as well by the shop assistants as by factory employees, led Wm. Pember Reeves, the Labor Minister, in 1891 to plan and push a Shop Assistants Act.<sup>1</sup> There were many difficulties. Druggists, fruitsellers,

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<sup>1</sup> In his efforts to secure better conditions for commercial employees, Mr. Reeves had the sympathy of many of the store keepers, who saw the value of early closing. Over and over again agitations for voluntary early closing had enlisted the support of a majority of the store keepers of the locality, and were only beaten by the ununitable minority. Legislation was only resorted to after the failure of many attempts to secure early closing by voluntary agreement. When it is once made plain to the average store keeper that his business will not suffer by having it done within reasonable hours, he becomes a



HON. W. P. REEVES.

*A later picture of the Labor Minister, who, with the help of Premiers Ballance and Seddon and their Liberal supporters, pushed through more novel and progressive labor laws in four years than any nation of Europe or America has enacted in as many centuries.*



fishmongers, eating houses and places of refreshment must keep open. Photographers and hairdressers would be seriously injured by closing on holidays, and the public would be inconvenienced. And as Mr. Reeves says: "No ruler less powerful than a Czar may meddle with the sale of newspapers." After the vendors of perishable goods are provided for, and the holiday traders, and dealers in urgent necessities, the question of the country store must be met. The struggling tradesman in the rural districts, keeping store by himself or with the aid of his wife or daughter, must not be harassed with limitations inapplicable or unnecessary under the conditions of his business. And the convenience of the public must be duly regarded, and justice done to traders of all classes both in city and country.

An Early Closing Bill passed the House in 1891, but was rejected by the Senate, and provoked so much opposition in the country that the Government was satisfied to try for weekly half-holidays, with shorter hours for women and children, and seats for shop girls. Mr. Reeves got a piece of his law enacted in 1892, and another piece in 1894, but it was not till 1895, after a five-year tussle, that the Legislative Council allowed the complete law to go on the statute book.<sup>2</sup>

#### PRINCIPAL PARTS OF THE FAMOUS SHOP LAW.

The main provisions of the law are as follows:

I.—*Short hours and early closing.* Females and boys under 18 employed in stores are limited to 52 hours a week, and to

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friend of early closing. If it had not been for this the new legislation could hardly have been secured, for the shop keepers are so numerous and strong that, if united against the law, they could probably have held it off for many years at least.

<sup>2</sup> Only one early-closing act worth mentioning was passed by any of the colonies before the New Zealand Act of 1892. This was the Victorian statute of 1885, providing that shops and factories should close at 7 o'clock five days of the week and at 10 P. M. Saturday, but exempting several classes of shops and permitting municipal councils to allow other classes to remain open or to require still earlier closing. The local authorities were also left to fix the penalties for breach of the law. The results were uneven and unsatisfactory. The first well-conceived and effective shop law was the New Zealand act of 1892. Victoria followed suit in 1896, and advanced another step in 1900. Western Australia, 1897; New South Wales, December, 1899; South Australia and Queensland, December, 1900. In all the colonies the shop acts are working well.

Victoria limits women and boys to 52 hours a week and 9 hours a day, with an allowance of 11 hours one day of the week. Seats are provided for the women. The Governor in Council may declare a weekly half-holiday in any trade on receipt of a petition of the majority of shop keepers engaged in it. In 1900 the 52-hour limit was extended to all males employed in or about

9½ hours in any one day, exclusive of meal times. This means that as an hour is given (and must be given under the law) to the midday meal, stores which open at 8 a. m. must let the women and children stop not later than 6.30 p. m., which practically compels the stores of cities and towns to close at supper time. Overtime is allowed on 40 days a year for not more than 3 hours a day.

The law requires (in a clause added by the Senate) that all banks and merchants' offices (other than shipping, tramway, and newspaper offices) shall close at 5 p. m. on ordinary days, and at 1 p. m. on Saturday. But the clerks may work overtime for 10 days a month 3 hours a day, and two half-yearly periods of 4 weeks each are allowed for making up the accounts—at these times the regulation is suspended.

2.—*Weekly Half Holiday.* Stores in cities, boroughs, and town districts (and banks and merchants' offices as above) must close at 1 p. m. one afternoon each week. In weeks that

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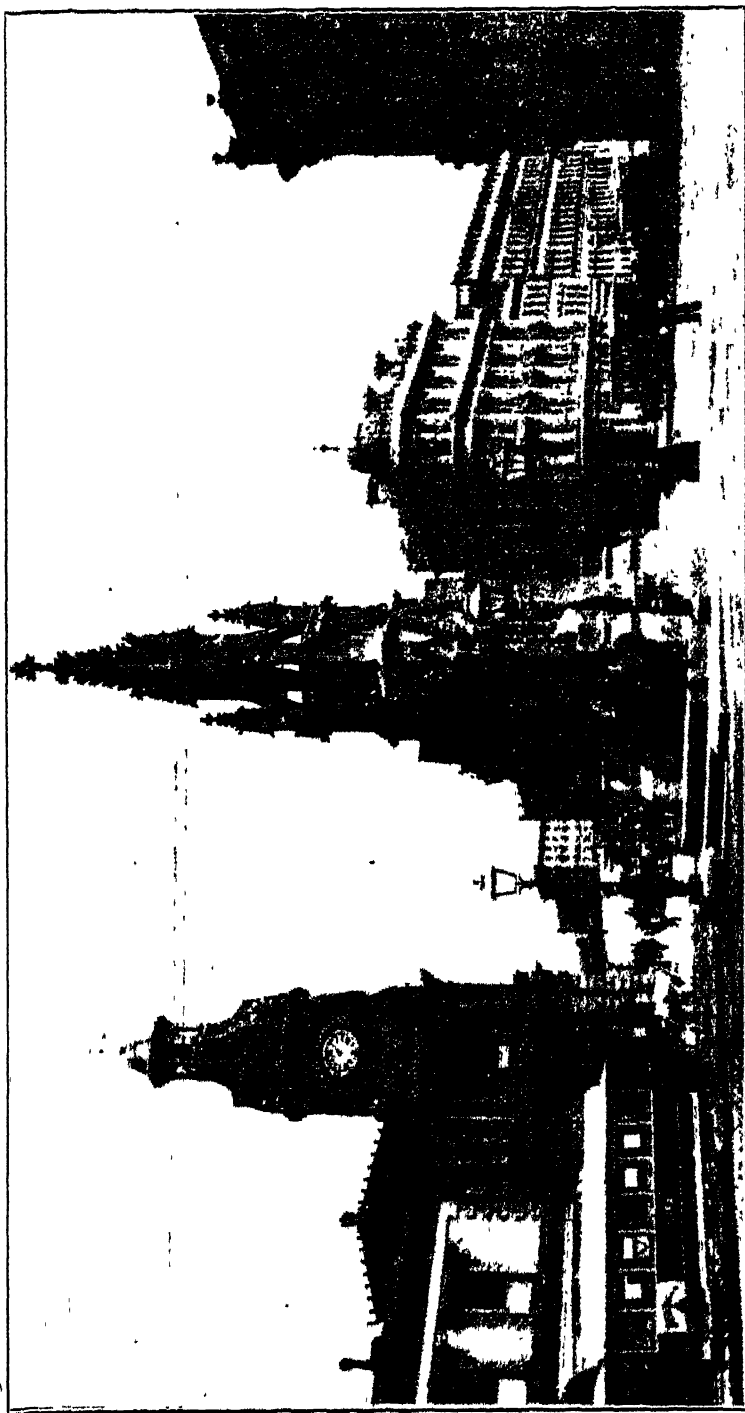
the shops of Melbourne and its suburbs, carters, porters, and night watchmen alone excepted

West Australia limits women and boys to 48 hours a week, and shops, with few exceptions, must close at 6 o'clock five evenings of the week. A half-holiday is also required.

In New South Wales shops in cities, towns, and townships must close at 1 P. M. one day in the week, 6 P. M. four days, and 10 P. M. the other day, excepting chemists, flower shops, hair dressers, fruiterers, confectioners, tobacconists, news agents, and other vendors of narcotics and stimulants in hotels, restaurants, and wine shops; also undertakers' shops,—the first three may keep open till 9, the others till 11—the last exception being made in order that the means of caring for the consequences of some other exemptions may be at hand. The law has been in force since New Year's Day, 1900, in Sydney, Newcastle, and 128 other municipal districts, and is working smoothly except in the poorer districts of the cities, where the negligent, procrastinative buying of the poor makes "the shop keeper and his assistants the white slaves of the housekeepers, whose petty purchases extend over the whole day, late into the night, and cease only with sleep. Half the long hours," says the Labor Report, "that are spent in the stuffy, ill-ventilated shops are wasted in mere dawdling, the actual work being capable of being packed into few hours. But years of slipshod household management in these neighborhoods have built up a system of casual night trade that is difficult to reform."

After seeing the New Zealand laws in operation eight years, and that of New South Wales in action one year, South Australia and Queensland, in December, 1900, enacted shop laws similar to the act of New South Wales. In Brisbane the Queensland law fixes Saturday as a half-holiday, but in other places the shop keepers may take a referendum vote as to which afternoon shall be the half-holiday.

These short-hour laws are of the highest value. They get rid of part of the waste of human life and energy entailed by unchecked competition. The foolishness of needless hours is being met by the united effort we call law. But the twin foolishness of establishing and maintaining multitudes of needless shops has not been dealt with yet in any colony. A wise coöperation and fuller organization of industry, coordinating the whole distributive system and abolishing the waste and semi-parasitism of partial idleness, would release for other much-needed service the labor and capital buried in ninety stores out of every hundred, but no country has yet evolved to that stage of development, tho the coöperators of Great Britain have gone some distance along the path that leads to it.



CUSTOM HOUSE SQUARE, DUNEDIN

contain a public holiday the statutory half holiday is waived, the public holiday being a sufficient fulfilment or substitute. The day on which the stores and offices shall close at 1 o'clock may be selected by the local council. The local authorities usually select Wednesday or Thursday, hardly ever Saturday, which is market day, the farmers' day in town, and also the factory workers' holiday. Out of 105 districts only 2 chose Saturday in 1901. Shopkeepers, however, have the right to close Saturday if they choose, instead of the day chosen by the town council. Only a few do so. If Saturday is the appointed day, butchers, barbers, and photographers may choose some other day.

The local authorities have power to change the factory holiday to the same day as the shop holiday, but they do not. The factory hands take their weekly recreation on Saturday, and the shop assistants as a rule on Wednesday or Thursday.

Chemists, fruiterers, and confectioners' shops, railway book-stalls, hotels and restaurants in towns, and all shops in the country are exempted from the closing law, but all the assistants employed in them must be given a half-holiday on some day of the week convenient to the employer.

3.—*Seats must be provided for store girls*, and they must be allowed to use them at reasonable intervals. No storekeeper may directly or indirectly prevent their use.

4.—All stores must be kept clean and well ventilated.

#### HOW IT WORKS.

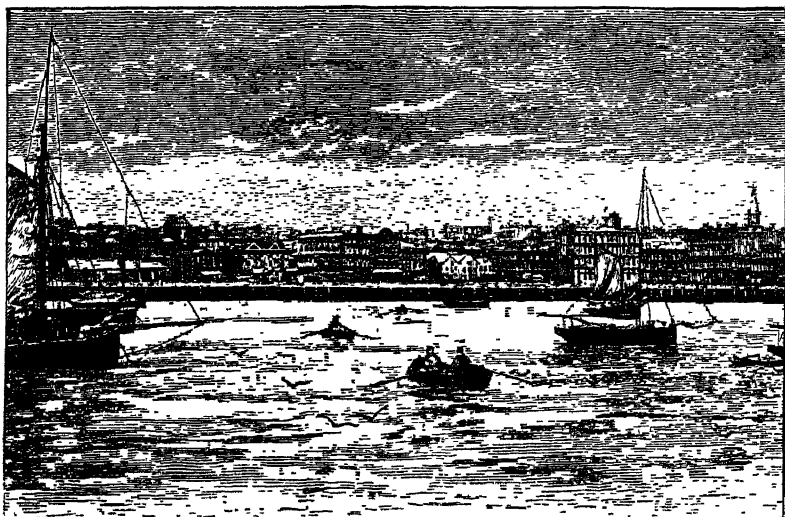
The results on the whole have been excellent. In its incomplete form the law caused much complaining and many lawsuits in 1894-5, but since the Upper House allowed it to be made fairly complete in the latter year, its course has run smoothly. It is found that the purchases of the public are not affected or business interfered with, except in rare instances. It costs the shopkeepers less to keep open 9 hours than 12 or 14. They save in fuel and light and in other ways. Some of the suburban stores find their trade slightly increased, probably because their customers no longer go to the city in the evenings to gaze at the brilliantly lighted shop windows and spend their money in town. Most shopkeepers and all the assistants are warm believers in the short-hour system. The

law has made an end of the overworking of women and boys in stores.

There was at first some evasion of the clause requiring seats for girls, but on the whole shopkeepers are now reported as paying a fair amount of respect to this provision also.

Besides the protection of the Shop Acts, the shop assistants have the Arbitration Court to go to for redress of grievances and regulation of hours, wages, and conditions; and several bodies of them have availed themselves of this right.

A recent Congress of representatives of the two million coöperators of Great Britain resolved "That this Congress of representatives of coöperative societies having over 5,000 shops established for retail trade, and employing in them about 45,000 persons, declares itself emphatically in favor of the principle of early and compulsory closing of shops." (See Report of Coöperative Congress, 1902, p. 26.)



AUCKLAND FROM THE WHARF.

## CHAPTER 54.

### THE EIGHT-HOUR DAY.

New Zealand is "the land of the 8-hour day." This does not mean that everybody works 8 hours, but *a very large part of the laboring classes have the 8-hour day*, and from one end of the Colony to the other *8 hours* is recognized as the STANDARD WORKING DAY both in public and private service. This is due to the mingled force of industrial organization, public opinion,<sup>1</sup> and law.

A dozen years ago when the jubilee of the founding of the Colony was held, an aged carpenter rode in the foremost carriage, the honored survivor of the 8-hour pioneers. Half a century before (in 1840) on landing in New Zealand a little band of pioneers had met and resolved that 8 hours was a fair and reasonable day, and should be recognized as the working day of the new land. That was the foundation of the 8-hour movement in New Zealand. For many years the principle did not win general assent, and workers were compelled to exceed the 8-hour day; but it was never lost sight of and many especially among the carpenters and printers held sturdily to the 8-hour day, even taking low wages rather than long hours.

In 1873 the 8-hour rule was established by Parliament for all female workers in factories. The easy course of this bill through Parliament shows how general was the assent to the 8-hour principle. The enactment helped the movement by endorsing the principle, and by making it inconvenient for many of the factories to run more than 8 hours. In Vogel's "Handbook of New Zealand," 1875, p. 258, we read that "in all mechanical trades, and for laborers in general, the standard day's work is 8 hours."<sup>2</sup>

In 1878 trade unions were made lawful, the rule against

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<sup>1</sup> "The 8-hour system for constant labor is settled by public opinion and the spontaneous action of all the trade unions, with insignificant exceptions." (Edw. Reeves.)

<sup>2</sup> So far as the 8-hour day and the half-holiday are concerned, the Liberal

"restraint of trade" being bent sufficiently to allow the combination of workmen for the purpose of raising wages, etc. And in 1879 the Governor received authority to grant crown lands as sites for workmen's clubs. Thus legalized and encouraged the new trade unions took up the old pioneers' idea as a cardinal item of their demands, and have unflinchingly maintained it ever since in spite of a rapidly increasing immigrant population. "To New Zealand belongs the honor of being the first country in the world where 8 hours is voluntarily a standard day for constant labor."<sup>3</sup>

Organization and public opinion have been supplemented and enforced by short-hour laws. The Factories Acts are based on the 8-hour day. The Mining law (1886) declares that no youth or boy shall be employed over 48 hours a week, nor more than 8 hours a day, except in case of emergency (and no female is to be employed at all). The Coal Mines Acts of 1891 made 48 hours a week's work for men, and the act of 1901 says that a miner shall not be employed underground for any longer period in any day than 8 hours, subject to existing awards of the Arbitration Court and to agreements for overtime at  $1\frac{1}{4}$  pay. The Public Contracts Act (1900) provides that the maximum length of the working day on any public contract, State or local, is not to exceed 8 hours. Even the shops acts, tho not yet down to the 8-hour base, have greatly lessened the hours of mercantile employees, and may in the not far distant future bring them all the way to the 8-hour standard. The Labor Department's inspectors are not satisfied with the 52 hours limit for stores. Margaret Hawthorne, one of the Government inspectors of shops and factories, says in a recent report, "I find that women and girls in the shops (stores) work harder than many people imagine. Many of

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Government has received too much credit from those who have only become acquainted with New Zealand legislation in the last few years, and have not followed it back to its sources. Thirty years ago the short-hour movement had gained considerable headway through usage and the force of public opinion, and the 8-hour day and half-holiday for women and children in factories and youths in mines was enacted into law many years before the upheaval of 1890. (See the Employment of Females and Others Acts, 1873, and Amendments, and the Factories Act, 1881, providing a half-holiday for all women and young persons under 18 employed in any factory or place of business, and prohibiting the employment of any female or child over 8 hours a day. See, further, the Mining Act of 1886, providing that no youth or boy shall be employed over 48 hours a week, nor over 8 hours a day, except in case of emergency.)

The Liberals have greatly aided and extended the short-hour movement, but they did not originate it.

<sup>3</sup> Westminster Review, Vol. 144, p. 638, December, 1895.

the girls are quite done up at 4 p. m. when tea time comes and are not fit for another hour and a half's work. I think 8 hours a day is quite long enough for work in such places. A regular hour for closing should be adopted."

Next to the Factory Act of 1901, that fixes 48 hours a week for men and 45 for women and children in all the workrooms of the Colony, the most important legal provision for establishing short hours is the Arbitration Law of 1894,—perhaps it is even more important in respect to short hours than the Factory Acts, because it is so much broader in its scope and so much more elastic in its adjustments—it covers substantially the whole industrial field, and the Court may decree 8 hours or less or more,—the Arbitration Act puts the force of the law behind the short day as fast as the working people demand it and can show that circumstances justify the order.

Women and children, however, in many occupations need the protection of a definite short-hour law much more than men, and they are the very classes least able to organize and secure the benefits of the arbitration act. It was for their relief that Parliament passed the first 8-hour clause in 1873, and it was the lot of women and childworkers that in later years roused public opinion to the need for industrial legislation. There is still something to be done in the way of shorter hours for the women and children on the farms, in the stores, and in domestic service, and the advantages of equalization and better adjustment between different occupations might be secured by a general 8-hour law with reasonable exceptions, and subject to modification by decree of the Arbitration Court to secure due flexibility. But no such general law has yet been passed<sup>4</sup> by Parliament, tho vigorous efforts have been made in that direction. A number of general 8-hour bills have been introduced, and in 1901 the Government supported the measure. The reader may get an idea of the situation by glancing over the following extracts from two of the debates, one under the Conservative Atkinson Government in 1889, and the other under the Liberal Seddon Government in 1901.

DEBATES IN PARLIAMENT ON THE 8-HOUR QUESTION.

(1889) Hall: "This Bill seems to prevent any person, even domestics,

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<sup>4</sup> One of our best authorities states that a general 8-hour law was enacted in 1901, but that is a mistake. Such a bill was introduced and backed by Premier Seddon, but was not passed. See debate below.



working more than 8 hours. . . . It would not answer. . . . I have been in the Colony 37 years, and 8 hours has always been the rule. There is no grievance."

Burton: "When I came to New Zealand, 23 years ago, I found the hours (in farming) 4 hours less than I had worked at home. . . . The farmers pay 1 shilling (25 cents) an hour in harvest time and give food. There is no need for the law."

Taylor: "Not long ago Chancellor Bismarck stated in the German Parliament that the German Government was prepared to support an International Labor Bill, making it compulsory on the part of all nations not to allow their people to be employed for a longer period than 8 hours a day, and Gladstone indicated that he favored it in England."

(1901, July 11) G. W. Russell, moving the second reading of his 8-hour Bill: "Eight hours as a day's work is universally accepted in theory. So far as the awards of the Arbitration Court are concerned and as regards our factories, mines, and so on, the principle is universally admitted. In fact the Arbitration Court has recently been fixing even the less period of 44 hours per week, in order that the workers may not be required to work more than 8 hours in any one day, and may also have the benefit of a half holiday. . . .

"But while the 8-hour day is accepted in theory, there are a large number of cases where it is not carried out, and this Bill is intended in the first place to lay down the broad principle that 8 hours shall be a day's work, and in the second place to deal with those cases where an 8-hour day is not practicable. . . . Clause 2 provides that 8 hours shall be a day's work, but the hours may, by agreement, be more or less on particular days, subject to the maximum fixed per week—48 hours, except for employees in hotels and boarding houses, and domestic servants, who shall not work over 12 hours in any one day, including meal hours. . . . State employees are within the 8-hour rule. . . . Now as to overtime. Personally as an employer I do not believe in overtime. Neither do I think that any one who has the employment of men will ever think it is desirable that any man should be worked longer than 8 hours a day. If you are working men for a longer period than 8 hours a day they do not give you as full value for your money as if they were working no more than 8 hours. . . . But there are some industries in which circumstances require longer hours, and in such cases overtime is to be paid for at 1¼."

McGuire: "The Bill will ruin the Dairy industry."

Premier Seddon: "The Government supports this Bill. We will do all we can to assist the Honorable Member in getting the bill through, and if he fails, I shall take up the measure and go on with it. It does not matter to the Government that it has been introduced by a private member. If a measure is for the good of the people, it does not matter to the Government how or by whom it was introduced. . . . There are certain occupations to which it cannot be applied, but why on earth, because a difficulty exists, should you still

continue to keep thousands of others, to whom it can be applied, without the benefit of it?"

(Other members): "There were attempts in this House 16 or 18 years ago to bring about an all-round 8-hour day, but it was found impossible. Can't be done with country labor. . . . Domestic are masters of the situation anyway. . . . Eight hours is ruinous to harvesting, shearing sheep, dairy business, etc. . . . We ought to protect the children of the dairy farmers from getting up at four o'clock. Country children are roused out of bed too early and work too long. But the country members won't support the Bill. . . . Thompson (country member): I will support the Bill. I have never in my district known a man to work for more than 8 hours, and I have never asked a man myself to work for a longer period. For people engaged in dairying, farming, or other pastoral pursuits, 8 hours a day is long enough to work. It is unfair that a small settler, his wife, or his family should have to work 15 or 16 hours a day for a living. *Let those who live in the cities and get high wages, pay fair prices for produce and give the farmers shorter hours.* The farmers are forming a union to get justice in this matter. The people who have gone on the land, and have been clearing away bush (forest) are not going to work 16 hours a day for a bare living, while the workers in the towns work 8 hours, draw high wages, and enjoy themselves."

(Several members): "Eight hours should not apply to dairying or agriculture." McKenzie: "*The people engaged in agricultural pursuits must work out their own salvation in their own way.*" Graham: "Every one who has spoken has approved the 8-hour principle, but hardly any one fully approves the bill." The Trades Council of Christchurch waited on the Premier and exacted a pledge that an 8-hour bill would be introduced. Within the last month or two the hours in flour mills have been lowered by the Arbitration Court from 12 to 8 per day. . . . *There is power under the Arbitration Act to settle the whole thing.*"

The Bill passed the second reading by a vote of 25 to 17. In committee, on motion of G. W. Russell, employees of farms, runs, or sheep stations were put in the exception clause with domestics. But the Bill did not become law even with this amendment.

(N Z. Hansard, Vols. 64, 116, 117, 118)



## CHAPTER 55.

### TRADE UNIONS AND THE CONSPIRACY LAWS.

Among the laws inherited by the Colony from England were the common law rules about conspiracy and restraint of trade, and several labor statutes of astonishing severity which were not definitely repealed till the year 1894. Let us glance first at these statutes.

The English Act of 1562 (5 Eliz. c. 4.) contained among other things the following provisions:

"Be it further enacted that all artificers and laborers being hired by wages by the day or week, shall, betwixt the midst of March and September, be and continue at work at or before 5 of the clock in the morning, and continue at work and not depart therefrom until betwixt 7 and 8 of the clock at night, except it be in the time of breakfast, dinner, or drinking, the which times at the most shall not exceed above  $2\frac{1}{2}$  hours in a day; that is to say at every drinking  $\frac{1}{2}$  hour, for his dinner one hour, and for his sleep, when he is allowed to sleep, the which is from the midst of May to the midst of August,  $\frac{1}{2}$  hour at the most, and at breakfast  $\frac{1}{2}$  hour. (2) And all the artificers and laborers betwixt the midst of September and the midst of March shall be and continue at work from the Spring of the day in the morning until the night of the same day, except it be in times afore appointed for breakfast and dinner."

Wages of all servants, laborers and artificers were fixed once each year by a justice of the peace or sheriff, and proclaimed throughout the district. Punishment was provided for those who gave more wages than the rates proclaimed, and for the worker who took more.

Sections 35-36 of the statute provide that if a householder having and using  $\frac{1}{2}$  a plowland at least in tillage, shall require any person under the age of 21 years to be an apprentice and to serve in husbandry or any other art or science, and he refuses, he can be cited before a justice of the peace and compelled to serve 7 years.

The English statute of 1725 (12 Geo. I, c. 34) to prevent unlawful combinations of workmen employed in the woollen manufactories declared that:

"Whereas, great numbers of weavers and others have lately formed

themselves into unlawful clubs and societies and have presumed, contrary to law, to enter into combinations and make by-laws and orders by which they pretend to regulate the trade and the prices of goods and to advance their wages unreasonably, and, Whereas, such persons so unlawfully assembling and associating themselves have committed violence and outrages on many of his Majesty's subjects, and by force protected themselves and their wicked accomplices against law and justice; Be it enacted that all contracts, covenants or agreements, and all by-laws, ordinances, rules or orders in such unlawful societies heretofore made or hereafter to be formed for regulating prices, advancing wages, lessening hours, etc., shall be illegal, null and void. Anyone acting contrary to this law shall be liable to imprisonment."

The English Act of 1825 (6 Geo. IV, c. 129) says:

"Whereas, such combinations (trade unions) are injurious to trade and commerce, dangerous to the tranquillity of the country, and especially prejudicial to all who are concerned in them; therefore, Be it enacted that no association of workmen shall by violence or threats or intimidation or molesting or in any way obstructing another, force or endeavor to force an employer to alter wages, hours, or rules, or mode of carrying on his business, or to keep anyone from working for him or to get anyone to join the society or club, under penalty of imprisonment of the members, with or without hard labor." Workmen might, however, under the law, meet to consult on the wages and hours to be demanded of their employers.\*

These three statutes, tho practically dead, remained a part of the law of New Zealand till 1894.

In addition to specific statutory prohibitions, trade unions were illegal under the common law as combinations in restraint of trade, and the common law rules regarding criminal conspiracy made it a punishable offence for men to combine to refuse to work for any particular person or do any other act to obstruct his business, altho such act might not be criminal when done by a single person not acting in concert with others. An agreement between employees to leave the service if the master did not comply with some demand was a criminal conspiracy to molest and obstruct the employer, tho it was not criminal for any one man to leave if his demands were not satisfied. A combination to prevent the purchase of the goods of a merchant or manufacturer was criminal, tho any one person could refuse to buy such goods and try to persuade others to do the same. The "boycott" as such a combination is called is a "means of intimidation" within the conspiracy law. Gas stokers on strike in London in 1872 were convicted of criminal conspiracy to molest and control the company. "If

you think," said the judge, in his charge to the jury, "that there was an agreement between the defendants to interfere with the masters by molesting them so as to control their will, and if you think that that molestation was such as would be likely in the minds of men of ordinary nerve to deter them from carrying on their business according to their will, then that is illegal conspiracy."



A TAPUED CHIEF EATING WITH A FERN-STALK

A person or thing that is tapu is under a ban. Tapu practically means stop, keep off, mustn't touch, till the priest by an appropriate ceremony removes the ban. Sick persons of rank are tapu and their houses and utensils. No one must touch them, and they cannot touch their food, but must eat their potatoes, etc., with a stick, or be fed by others. A married woman and a girl betrothed are tapu. A male undergoing the process of tatooing was tapu and had to dwell apart. A road on which a native is hurt is declared tapu. So with a mill or a building where an accident occurs. Weeks and even months of idleness often occur through decree of tapu issued in obedience to religious superstition and resting largely in the last analysis upon the priestly motive or preserving the power of the priesthood.

Sometimes a counter tapu will compel the speedy removal of the ban. Two Yankee boys who were working New Zealand Kauri logs into lumber employed about 80 Maoris to haul the big logs down a mountain to the saw-mill. One day, as the long line of yelling natives went down the steep road on a run, the log overtook the rear of the column and rolled over a native, killing him instantly. The log and the road were daubed with red and declared tapu. That meant long idleness—a religious strike, and a German ship was in the harbor waiting for a load of lumber. After thinking a bit, the Yankees fixed up a stratagem. One of them drew some blood from his arm and then went to bed. The other in the evening daubed the blood over the door step and sill of their little store where the natives got their provisions. The next day he refused to sell or give the Maoris anything to eat or let them go into the store, pointing to the blood, declaring the store tapu and moaning as if something dreadful had occurred. After three days the Maoris came to negotiate the removal of the tapu, agreeing to take the tapu off the road and go to work if the ban were lifted from the store, an arrangement which met the wishes of the Yankee dealer in tapu.

This tapu superstition is of the same order of enlightenment as the Caucasian superstition against union "in restraint of trade." Industrial union, whether of labor or capital, is as excellent in itself as political union. The danger lies, not in the organization of industry, but in the use of industrial power by labor or capital for private or class interests opposed to the public good. New Zealand has taken the tapu off the trade unions.

In 1871 England enacted that trade unions should not be deemed unlawful simply because they were in restraint of trade; and New Zealand followed with a similar enactment in 1878.

In 1875 the English Parliament modified the old Conspiracy Law, and in 1894 New Zealand enacted a law called the Conspiracy Law Amendment Act, which swept away practically all the old restrictions on trade unions, supplementing the act of 1878 (which released combinations of workmen from the charge of illegality as in restraint of trade) by repealing the statutes of 1562-1725-1825, cited above, abolishing all the old discriminations absorbed from the English law against organized labor, and legalizing any combination in furtherance of a trade dispute, provided no act is committed by the association that would be unlawful if done by one person;<sup>1</sup> with an exception, however, as in the English Act of 1875 in relation to persons employed by a city or town or any local authority or by any company or contractor who by statute or contract is under obligation to supply any city, town or place or any part thereof with gas, electric light or water. If such employees combine or agree to leave without due notice (14 days), when the effect might reasonably be expected to be that the people would be for any time deprived wholly or to a great extent of their supply of gas, electric light or water, the employees so combining are liable to fine or imprisonment with or without labor.

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<sup>1</sup> In the United States the old conspiracy law is still in force to a considerable extent—there are still many things an individual may lawfully do which if attempted by a trade union would be met by injunction or indictment for criminal conspiracy. The workmen of Massachusetts are at this very time (1902) contending with a recent decision of the Supreme Court against picketing, and are endeavoring to bring sufficient force to bear on the Legislature to get the law changed.



## CHAPTER 56.

### OTHER LABOR LEGISLATION.

A FAMILY OF WAGE LAWS. HIGH PAY AND EXCELLENT CONDITIONS. CONSUL CONNOLLY'S REMARKS.

Some of the most important laws and institutions affecting labor interests are still to be discussed. Compulsory arbitration, old age pensions, and coöperative construction of public works, three of the most astonishing achievements of the Liberal years, will be dealt with in separate chapters of their own. The direct management of railways (1894) which was largely a labor measure, and the Compensation Act (1900), the most vigorous employers' liability act in existence, will also be described in future chapters. There are many interesting points in the thirty odd "labor laws" of New Zealand that cannot be noted in this brief review, but there is a family of statutes relating to wages which may well receive some attention here.

The group consists of the Truck Act, 1891, the Mining Act, 1891, the Contractors' and Workingmen's Lien Act, 1892, the Workingmen's Wages Act, 1893, the Bankruptcy laws, 1892 and 1893, the Shipping and Seamen's Acts 1894 and 1896, the Wages Attachment Act of 1895, and the Public Contracts Act of 1900,—the employment of Girls and Boys Without Pay Prevention Act, the Wages Protection Act, the Railway Acts, and the Arbitration law, which also relate to wages, are treated elsewhere. The titles of some of these laws look as tho they referred only to workmen, but, in fact, they protect the wages of work-people, applying to women as well as men, and to youths and girls under age.

#### THE TRUCK ACT, 1891.

Before the Liberal Ministry came into power, workingmen in mines and mills had suffered much through the practise of paying their wages in goods instead of money. In this way the employer made two profits: the first upon the labor of his men, the second upon their purchases; and if, in dealing with

the store, a debt grew up through buying on credit, the employer obtained a very annoying hold upon the worker. The same practise prevails to a large extent in this country. Even as we write, a vigorous complaint is made in one of the New York papers, that in the mill and mining districts in various parts of the United States, the men do not get paid in cash, but are given books of credit and must trade out their wages at the store belonging to the company that employs them.

The Liberal Government of New Zealand stopped this abuse at once by the Truck Act of 1891, providing that *wages must be paid in cash and not in goods*.<sup>1</sup> When an employer has agreed to pay a certain wage, he must pay it in full, in cash, promptly, and without any sort of stipulation, expressed or implied, as to how, when, or where it is to be spent.

With a few necessary exceptions, an employer who, himself, or through an agent, partner or servant, sells goods to a workman in his employ, cannot recover their price, nor set it off against any wages he may owe the workman. In ordinary industry the law shuts out nearly every sort of payment from the workers to their employer. He may, however, recover house rent, and pay for meals given under his own roof, medicine, medical attendance, and forage.

Landlords may equip men contracting with them to fell timber, supplying each man with tools and outfit up to two months' wages to enable him to begin work. Seamen, farm hands, and men at work in sheep and cattle runs, are left outside the Truck Act. In many pastoral tracts, if the employer were not permitted to supply goods, the men might have to walk or ride many miles to get a pair of boots or a shirt, and on shipboard the severance from ordinary markets is still more pronounced.

On the other hand, public contractors—one or two of whom had greatly abused the truck system—are strictly forbidden to provide work-people with any supplies whatever. Even the small latitude allowed to ordinary employers is denied to them.

#### LIENS FOR WAGES, &C.

The lien for wages, or right to claim pay from the land, buildings, or property of the employer, or the owner on whose premises the work was done, and provisions for weekly payment and preference in insolvency, are important to workers, but of less novelty than most of New Zealand's labor laws because more fully adopted in other lands.

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<sup>1</sup> Followed by South and West Australia in 1899, and by New South Wales in 1900.



By the act of 1891, dealing with gold-mining, a lien for unpaid wages is given to working miners. When wages are 7 days overdue they may register a lien against the mine, and are "deemed to be in possession of the claim."

Under the Contractors' and Workmen's Lien Act (1892)<sup>2</sup> contractors' laborers, engaged on buildings or works of construction, *if their wages are not paid, can register a lien against the land and property on which they are employed.* The owner must then see that the men are paid or his property is liable. On completion of the contract the property owner must ascertain that the contractor has paid his men, or must hold back a quarter of the contract money for a month to give the workmen a chance to attach it. Such laws are very beneficial to workmen, but rather discouraging to a certain sort of contractors, who used to take contracts at cut-rates, depending for their profit on flight,—carrying off the contract money and leaving exasperated workers and merchants without their pay.

Under the Workmen's Wages Act (1893) any manual worker may claim to be paid weekly—*wages are payable weekly* unless there is an agreement to the contrary. And any contractor's workmen whose week's wages are a day in arrears, may serve notice on the contractor's employer and stop him from paying any further contract money to the dilatory contractor.<sup>3</sup> In other words, the workman can attach the contract money; his wages are a first charge upon it.

*In case of bankruptcy workmen have a preference over other creditors of the bankrupt's estate to the extent of \$250 for work done during the two months before the bankruptcy.* And clerks are given a preference for unpaid salary due for services during the four months preceding the breakdown.

#### NON-ATTACHABLE WAGES.

*The attachment of wages below \$10 a week is forbidden by the Wages Attachment Act of 1895.* A New Zealand workman's wages can only be attached for debt when he gets more than \$10 a week. In such case the excess above \$10 a week may be attached.<sup>4</sup>

#### FULL WAGES.

Shipowners, foreign or domestic, who engage in the New Zealand coast trade must pay any seaman they hire in the Colony, the full rate of wages current on the coast at the time.

<sup>2</sup> Followed by West Australia in 1897.

<sup>3</sup> Followed by West Australia in 1898, with the proviso, however, that the first charge shall not exceed \$50 for each workman.

<sup>4</sup> In this case there is an English precedent that goes beyond the New Zealand law. Victoria passed a similar act with the same \$10 limit in 1898, and South Australia the same year followed the English law by exempting *all* wages and clerks' salaries from attachment.

The wages must be paid the first week of each month, or as soon after as the ship comes into port. And if the payment is made in foreign money, the men must be given also the current rate of exchange.

The Public Contracts Act of 1900 provides that wages paid by any public contractor must not be less than the ruling wages in the locality, nor less than those fixed by the Court of Arbitration.

The *wages of common labor* are *very high* absolutely,<sup>5</sup> and relatively to the salaries of foremen and managers, they leave America and Europe out of sight behind them. Most of the workers have always been better off than their fellows in the old world. The new soil, the fine climate, the absence of overgrown cities and the strong public sentiment in favor of thoro education of all classes of children, have given the working people a great advantage from the early years, and in recent times the trade unions and the Liberal laws together have lifted the condition of the laboring classes above that attained in any other country, and far above the general conditions prevailing in Europe or the United States; only the most advanced states of Australia that have followed New Zealand's lead in many respects can claim to have made any near approach to New Zealand's labor progress.

In this connection the following passages are of interest. Speaking of the New Zealand laborer, Edward Reeves says: "The old world terror of absolute penury is unknown to him. If there be no room for him in any trade or job, he goes on the land, to the Kauri gumfields, to the bush section, which the Government will partially clear for him, to the State sawmill in the almost inexhaustible forest. He cannot starve." And he has a powerful and impartial court to protect him from injustice or oppression, and a sympathetic and progressive Government full of the representatives of the working-people—small farmers, tradesmen, artisans, and laborers—to devise new means for the improvement of his condition, and help him to help himself to comfort, culture, and fortune.

Writing of what New Zealand has done for the working classes, the United States Consul to New Zealand says: "The land laws of this country are unique, having no parallel in the

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<sup>5</sup> See Appendix, Civilization Tables.

modern world that I am aware of. . . . The poor, the workingman and the struggling small farmer and mechanic, are relieved from the burdens of taxation as much as possible.

. . . The hours of labor are shortened to 8 per day, and to the constant worker is given a half holiday in every week, besides at least six full holidays in the year, under full pay; thus affording him more time for rest, recreation, and intellectual development than is enjoyed by his fellow-workers in any other part of the world. There is a general diffusion of wealth, no great poverty, and not a single millionaire as far as I know. . . The men who have inaugurated these honest Christian reforms are animated by a sincere desire to promote the universal welfare, to resist the aggression of the strong, and lend a helping hand to the meek and lowly. You may call these principles by any name you choose, but the facts are as herein related. . . The people of New Zealand are blessed beyond all others."<sup>6</sup>

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<sup>6</sup> Review of Reviews, "The Toilers' Paradise, or What New Zealand is Doing for Labor," Vol. 13, 1896, pp. 81, 82. See also Westminster Review, 144, p. 633.



## CHAPTER 57.

### APPEAL BOARDS FOR PUBLIC EMPLOYEES.

The post and telegraph and railway men and other employees of the Government have Appeal Boards before which they may bring for decision any question that arises between them and the management of the department. Each Board has three judges: one representing the public, one chosen by the employees of the department,<sup>1</sup> and the third by the management of the department. For example, the railway employees have two Appeal Boards: one for the North Island and another for the Middle Island. On each Board there is one judge appointed by the Governor, one elected by the officers of the railways of that Island, and one elected by the employees of those roads. Any man who is dismissed, suspended, fined, reduced in rank or pay, or who is in any way "aggrieved with any decision of his superior officer" has an appeal. In case of a fine not exceeding \$10 the appeal lies to the Minister; in other cases it is to the Appeal Board. No lawyers are allowed to appear in the trial of cases before the Appeal Boards. The men or the managers may appear for themselves, or by any reputable person, but not by attorney.

The association of railway men may also share in choosing a labor judge for the general Arbitration Court, which has jurisdiction of industrial disputes throughout the Colony. And if at any time the men cannot agree with the Minister, they may bring their case before the Arbitration Court if they wish. So they have three methods for the settlement of grievances: First, appeal to the Minister and conciliation with the management; Second, appeal to the Appeal Board; and Third, appeal to the Arbitration Court.

Before this system of conciliation and arbitration was

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<sup>1</sup> Post and Telegraph Act, 1894. Government Railway Acts, 1894, 1896, 1901.

adopted there was considerable friction and difficulty between the railway management and the men, especially in 1890 under the Railway Commissioners arbitrary rule; but the relations between the railway management and employees have been smooth and satisfactory since the Appeal Boards were established.

PUBLIC SCHOOL TEACHERS ORGANIZED AND INCORPORATED AND  
COURTS OF APPEAL ESTABLISHED.

Any ten or more teachers in the public schools of any educational district, may associate and register with the assent of the Minister of Education, and thereby become incorporated under the Act of October 31, 1895. In each district a Court of Appeal is established to hear and determine appeals of the teachers against dismissal or suspension. Each Court consists of three judges: a magistrate appointed by the Minister, a person chosen by the teachers' society in the district, and another selected by the Board of Education that orders the dismissal or suspension in question. The Court decides upon the merits of the case and may waive any technical error or defect in the proceedings.

The teachers of New Zealand are no longer subject to the whim of a school board or committeeman. Their rights are protected by a public hearing and the processes of judicial procedure and decision.



## CHAPTER 5S.

### INDUSTRIAL ARBITRATION

#### ON DEMAND

OF EITHER DISPUTANT IN AN INDUSTRIAL DIFFICULTY

THE ADMINISTRATION OF JUSTICE IN LABOR DISPUTES.

JUDICIAL DECISION IN PLACE OF STRIKES AND LOCKOUTS.

ABOLITION OF INDUSTRIAL WAR.

New Zealand is the land of industrial peace; the first country to abolish strikes and lockouts, and establish judicial decision of labor difficulties in place of the primitive method of settlement by battle. The same prolific year ('94) that did so much for the nationalization of land and credit through its resumption and banking laws, accomplished also the judicialization of labor disputes. And of all New Zealand's far-famed achievements this is the most interesting and important—a law that enables either party to an industrial difficulty to bring the matter into court and have it decided by an award with the binding force of a judgment of the Supreme Court—a law that has put an end to the battles of capital and organized labor and given the Colony unbroken industrial peace for the whole eight years since the Act went into effect.

The industrial conciliation and arbitration law provides that in any industrial dispute between organized labor and any employer or employers, either disputant may *demand* a settlement by arbitration in place of conflict. In other words either party to such dispute may call for the administration of justice in the case, just as either party to any other sort of dispute may summon the opposing party before a tribunal for judicial decision on the merits of the case. It is mandatory arbitration, or arbitration on demand, which means simply the administration of justice extended to labor disputes.

The system rests upon two broad facts: (1) That decision

by reason is better than decision by force; and (2) That there are three parties in interest in every industrial trouble, labor, capital, and the public; and as the public always wants arbitration, if either of the other parties desires it also there is a majority of 2 to 1 in favor of peaceful settlement <sup>1</sup>

#### THE METHOD.

Local boards of conciliation were instituted with 4 to 6 members, half of them chosen by organized labor and half by organized capital; with appeal to a Central Court of Arbitration of three members, one judge elected by the labor unions, another by unions of employers, and the third (who is President of the Court, and must be a Judge of the Supreme Court) appointed by the Governor, who also fills all vacancies if workers or employers fail to elect. Wherever the workers in any trade are legally organized (any 5 can form a union and register without cost) the law takes effect.

Any legal labor-union (a union registered under the trade-union act, or the Arbitration Act, or both), and any employer or organization of employers may sue and be sued under the Act, but only organizations registered under the Arbitration Act can take part in electing the members of the conciliation boards and the judges, and either party to an industrial dispute, employer or labor-union, may begin proceedings under the act, after which anything in the nature of a strike or lockout becomes unlawful, and the business must continue on the old

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<sup>1</sup> This is the fundamental distinction between mandatory arbitration and what is called "voluntary arbitration." The latter requires assent of both disputants, which means unanimous consent of all three parties in interest: labor, capital, and the public. Dissent of one party may prevent voluntary arbitration, which is, therefore, subject to blockade by a minority, whereas mandatory arbitration acts upon the will of the majority.

The New Zealand system, which I have ventured to call mandatory arbitration or arbitration on demand, is usually termed "compulsory arbitration." That name is ambiguous and infelicitous. It is true that as in all regulative laws there is an element of compulsion in the system, since either disputant may compel the other to arbitrate—but it is not compulsory in the full sense ordinarily carried by that word—it is not obligatory upon the parties. If neither desires to arbitrate, the law does not require it. There is no more compulsion in it than in any other case of the administration of civil justice through the judicial machinery of the State. If two individuals or two corporations have a dispute either party may cite the other into court and have the matter determined by judicial decision, and we call that the "administration of justice;" but if one party to a labor dispute is allowed to cite the other into court it is called "compulsory arbitration." It would seem better to speak of it as the "judicial decision of labor difficulties," or the "administration of justice in labor disputes," or for short, "mandatory arbitration," or "arbitration on demand" of either party.

terms till the case is settled. If a strike or lockout has already begun before application for a hearing, it must stop, and men discharged because of the difficulty or their union activities must be reinstated. All concerned: employers, corporations, and trade-unions, can be summoned; the whole trade in the district can be brought into Court, and the decision may be made binding on all employers and all workers, union or non-union, in the industrial district (or even throughout the Colony since 1900), and may be enforced by process against the person or property of a delinquent in the same manner as a judgment of one of our courts of last resort. After the award the law does not compel the employer to keep on doing business, or the employees to keep on working, but if they do keep on working and doing business in that trade, it must be in harmony with the terms of the decision. And the stoppage, if one should occur, must be *bona fide*—anything in the nature of a strike or lockout to escape the award would be instantly checked by the Court. If the workers of any trade remained without legal organization, they could still strike; or if they disbanded their registered unions on due notice they could strike after existing proceedings and awards ceased to have effect, or for a cause not covered by an award; or if organized labor and its employers both got so hot that each was determined to fight the matter to a finish and neither would call the other into court, then also an old-time strike or lockout would be possible. But none of these things have occurred. The broad facts are that labor does not disband or withdraw its registrations under the Act, both workers and employers organize and register more and more each year, and strikes and lockouts have practically ceased to exist—none at all within the range of the law in the whole 8 years, and only seven petty quarrels among unorganized workmen and Government employees outside the scope of the Act.<sup>2</sup>

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<sup>2</sup>The first disturbance after the Act came into force took place in a gold-mine in 1896. The company reduced wages, and the men struck. The men were unorganized and had scarcely heard of the Arbitration Act, which was then a novelty. They were advised to organize and invoke the law. They did so, and the strike came to an end at once. In 1900 about 40 men hauling coal from a mine struck for higher wages. The company refused, and on the advice of the heavers in the mine, who had already formed an industrial union under the Act, the carters did likewise, and the Arbitration law brought this battle also to an end—it had lasted only a few days altogether.

Three other little contests outside the law were of Government employees: 50 unorganized bricklayers in one case, with whom the Government



The workers in New Zealand know they can trust the Government and the judge it selects to be impartial, and experience has shown the judgments to be so wise and fair that the Court has the confidence, not only of the workers and the public, but of the great majority of employers also.

The original Act included all the workers in factories and mines, builders, painters, carpenters, butchers, seamen, railway men, etc., but was held by the Court in 1899 not to cover grocer clerks, street-car men, or livery-stable employees. In 1900, however, an amending and consolidating act was passed extending the act to store men, clerks, farm laborers, and all who work for wages or salaries except some employees of the National Government, most of whom are otherwise provided for.<sup>3</sup> At the same time the Court was authorized to make awards for 3 years instead of 2 as under the original law, and

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voluntarily agreed to submit the dispute to arbitration, and in others 15 or 16 railway hands (in the interregnum) whose unreasonable demands were rejected, whereupon they hastily resumed work.

In 1901 some bricklayers in Auckland asked for better terms and their employers agreed, but set the time of change a month ahead, while the men, demanding the advance at once, struck and stayed out a fortnight, when the matter was compromised. This silly trouble arose quite appropriately on the first of April and was settled on the 13th.

These, with another small and short-lived strike of unorganized gold miners, comprise all New Zealand's labor outbreaks from 1895 to 1902 (See *State Experiments in Australia and New Zealand*, Vol. 2, pp. 139, 140.) Mr. Reeves says "It was never intended that the act should apply to strikes of unorganized workmen. They were never likely to be formidable enough to constitute a danger to the public welfare, and therefore did not call for State interference." The trifling nature of the outbreaks just enumerated supports this view.

<sup>3</sup>The Telegraph and Postal clerks, the Teachers and State Railway employees have special Appeal Boards of their own. (See chapter on Appeal Boards, above.) And the railway employees may appeal to the Arbitration Court whenever they vote to take advantage of the Arbitration Act, but they have nothing to do with the local conciliation boards.

In view of the special boards established for the leading departments, the liberality of the Government's treatment of employees, and the lack of any such natural or automatic limit or guide in the fixing of wages as exists in private industry, it was deemed advisable not to include State departments in the original Act (Aug. 31, 1894) except the State Railways, one of the chief objects of framing a law to stop strikes being to prevent a paralysis of the transport of the Colony.

The law of October 18, 1894, abolishing the Railway Commission, and bringing the railways under the direct management of the Government, took them out of the provisions of the Arbitration Act and put them in the class to which the Act did not apply. But the amendment of 1900 again brought the State Railways within the scope of the Arbitration Law, and the Union of railway workers is now allowed to resort to the Arbitration Court. All other civil servants are as yet outside the Act, and the railway men do not seem in any hurry to make use of it, being satisfied with their special Appeal Boards. There is a strong sentiment in favor of bringing all Government employees within the Arbitration Law, and an amendment was adopted in the House in 1900 to that effect, but it was afterward cut out, the Law being extended to the railway workers as a compromise.

(For a late expression of the Premier in respect to State employees and the Arbitration Act, see debate in the chapter on State Coal Mines.)

it was further enacted that "even after its term had expired an award should continue in force until one of the parties thereto applied to the Court for a revision. This means that *only by the legal dissolution of all the registered unions of a trade, or the express fiat of the Court itself, can a trade once regulated cease to be regulated.*" The Court was empowered to make awards binding throughout the Colony instead of making a series of district awards as before; to hold non-unionists to obedience to awards in their trade; and to hold new comers or persons entering the trade after the award, to be bound by it without citing them into court for a hearing. The conclusions of the conciliation boards were made binding unless appeals were taken to the Court, instead of being as formerly mere recommendations for the enforcement of which the successful party must appeal to the Court unless the other party accepted the board's suggestions.

Another amendment Nov. 7, 1901, permits either party to a reference to take the case straight to the Court instead of threshing it out first before the local board. Some cases have since been taken direct to the Court, but a number of others have been brought in the old way before the boards, which often succeed in bringing about a settlement without proceedings in Court. All the points of the law cannot be stated in this brief review, but we must not omit the referendum amendment of 1898 requiring that before a union initiates arbitration proceedings it shall be ascertained by ballot that a majority of its members wish to do so.

#### HOW IT CAME ABOUT.

The great strike of 1890, described in a former chapter, with other lessons in the disastrous effects of labor wars, convinced the trade-unions and the public that some better method must be found for the settlement of disputes between workers and employers. In the Maritime Strike and in other conflicts also, labor had offered to arbitrate but capital refused. This led some thoughtful men to take the position that if either of the parties to a dispute desired to arbitrate the other should be required to do so, and that is the basis of the New Zealand law. As we have said, but can hardly say too often, there are really three parties in interest in every such case: labor, capital, and the public; and the public always wants arbitration instead of

battle, and if either of the other parties desires it also that makes a majority for peaceful settlement.

The Labor Minister, Hon. Wm. Pember Reeves, the famous author of the Arbitration Law, was at first in favor of voluntary arbitration; that is, arbitration at the desire or with the consent of both labor and capital. But a careful study of the results of this method showed that it was inadequate. Everywhere, in the United States, England, France, Germany, etc., he found long records of destructive and costly strikes and lockouts, blotted with violence and disorder, in spite of arbitration statutes and industrial courts and vigorous private efforts to secure the peaceful settlement of industrial difficulties. Voluntary arbitration always failed where it was most needed. In small disputes it succeeded admirably, but in large affairs where one or both parties were obstinate or hot it failed utterly. If both parties were cool and wanted to be fair, voluntary arbitration could be arranged. But if either party was angry, or more anxious to have his way than to be fair, or was determined on a course he knew a just and impartial arbitrator probably would not sanction, voluntary arbitration was powerless, as was abundantly shown in the thousand strikes a year in Great Britain, the home of the voluntary arbitration movement, and the thirteen hundred strikes a year in the United States, with forty million dollars annual loss in each of these countries on account of labor battles.

Mr. Reeves therefore turned his attention to mandatory arbitration. He drafted a bill in 1891. The trade-union leaders studied it carefully and then supported it steadily till it was passed. In 1892 the Minister pushed the bill in Parliament. It passed the House that year and again in '93, but was rejected both times by the Senate on account of the strong opposition of the employing classes and the general conservatism and obstructiveness of the Upper House. In the general election of 1893 it went before the voters, and when the Senate saw the emphatic endorsement the people gave the Liberal Government, it allowed the Arbitration Bill and several other important measures to become law.

# I

## THE MACHINERY IN MOTION.

The Act went into effect Jan. 1, 1895, and by the latter part of the year 61 trade-unions, "the pick and flower of the labor



*W. P. Reeves.*

HON. WILLIAM PEMBER REEVES.

AUTHOR OF THE MANDATORY ARBITRATION LAW. NOW AGENT-GENERAL FOR NEW ZEALAND IN LONDON.

*Mr. Reeves is the most distinguished writer New Zealand has produced, and one of her greatest publicists. The compulsory arbitration law, so skilfully drawn by him, has abolished strikes and lockouts, and after 8 years' experience is cordially approved by the great majority, both of workers and capitalists. Thus New Zealand, by the union of its common sense and civic patriotism with the skill of its great Labor Minister, has led the world in solving the problem of bringing industrial disputes within the sphere of judicial decision and ousting the primitive method of settlement by battle from its last stronghold, except international disputes, and they, too, are rapidly being reduced to the civilised method of arbitration or judicial decision.*

of the Colony," had registered under the Act prepared to submit their disputes to fair arbitration.<sup>4</sup> One employers' association had also registered. Now, in 1902, about 250 labor-unions are registered under the law and 75 bodies of employers.

#### The Shoe Case.

The very first use of the law averted an impending conflict in the shoe trade. The trade had been in continual ferment for many years. There was constant antagonism and dissatisfaction, and some costly strikes had occurred. In 1891 representatives of the boot makers' trade-union and of the manufacturers of the Colony met in conference, made an agreement and established local and central boards of arbitration and conciliation. Both masters and men expressed their complete satisfaction. But a few manufacturers of one city—Auckland—a very small minority of the trade, refused to be bound by the decision arrived at. The result was an ugly, obstinate and expensive strike in Auckland. The stubborn minority won. The workers' union was broken up. The factories were filled with boys and non-union employees. Many small factories were started, and competition became severe.

These evils led to another conference and agreement in 1892, with a trade board of arbitration behind it, and this kept the peace for three years. On the expiration of the agreement an effort was made to form another, but a few manufacturers refused and set up a new harsh schedule of wages, rules, and conditions, seriously changing the position of their men for the worse. The men refused to accept the new conditions and ordinarily a strike would have been the result. But this crisis in the shoe trade came soon after the Arbitration Law had gone into effect.

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<sup>4</sup> Registration under the Act was not necessary to set the law in motion. Any trade-union the only registered under the Trade-Union Act could be plaintiff or could be made a defendant in arbitration proceedings. And all employers whether organized or not were brought within the jurisdiction of the Court, otherwise they might have defeated the Act by refusing to organize. On the labor side, legal organization was made the basis of the law for several reasons. First, it placed the fundamental option in the workers, for if they do not choose to establish or maintain legal organization in any trade, they would be outside the law of 1894. Again it would not do to allow each individual worker to bring his employer into court to fix his wages, hours, etc.. It was also desired to encourage organization and collective bargaining. The full privileges of the Act, including a share in the election of the conciliators and arbitration judges, can only be secured by either workers or employers through organization and registration under the Act.

The public, including most of the boot manufacturers and employees, were "sick of battle-field arbitration" and willing to try "court-room arbitration." So the men, with encouragement from many of the manufacturers, brought suit under the new Arbitration Act. The Court did not endorse the claim of the obstinate minority to the "right of free contract" and "liberty to manage their business as they pleased," which meant the right to cut their workers and steal away their neighbor's business by cruel employment and cruel competition, regardless of the interests of the public, of labor or of the mass of the capital engaged in the trade. Neither did the judges admit the claim of the men that *only* union help should be employed—a contention that had been one of the main causes of the friction and strikes of the past.

The award ordered that union men should be given preference in employment where equally competent and ready and willing to do the work,<sup>5</sup> decreed a 48 hour week, with \$10 as the least wages to be paid, required all work to be done in the shops to stop sweating, and established trade boards of conciliation and arbitration with full powers of fixing prices and settling disputes. In short the Arbitration Court did substantially what the majority of workers and manufacturers had tried to do and failed because of the opposition of a few houses. The court succeeded because its award had the force of law or a judgment of the Supreme Court, and it could and did hold these kickers to the terms laid down, and so protected decent employers against guerrilla competition, and labor against conscienceless capital.

One strike in this trade had cost the men alone \$30,000, and caused the angriest of feelings.<sup>6</sup> The arbitration proceedings were quiet and good tempered, took only a dozen men from their offices and work-rooms, and the business meantime went on, wages and profits being earned as tho no contest was in progress. And from that day to this (1897-1902) the shoe trade of New Zealand has settled its difficulties by intelligent decision of an impartial tribunal, without any interruption of

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<sup>5</sup> As we shall see hereafter the Court does not order such preference unless the workers are well organized and the union is practically open to any decent worker in the trade on reasonable terms.

<sup>6</sup> Lloyd's "Country Without Strikes" (1900), p. 46. From that work and Reeves' "State Experiments in Australia and New Zealand," the records of the Court and various minor sources of information, these descriptions of arbitration cases are condensed.

trade, and without any conflict more serious than debate—not one day's idleness, not one day of passion, not one blow struck.

The men asked to have counsel, but the law does not allow counsel unless all parties consent, and the manufacturers said they did not intend to be so represented and therefore must deny the request, so there were no lawyers in the case. At the opening of the proceedings the principal representative of the manufacturers said: "First of all I should like to compliment the employees on taking the course they have and not going out on strike, which would have been deplorable. I hope we shall work harmoniously together and do the thing which is just and right." At the close of the case the presiding judge complimented both sides on their clear and thoro presentation "and the good feeling which had been shown."

#### **The Seamstresses.**

The sewing women of New Zealand cities, shirt-makers and tailoresses in factories and stores, are also among the workers early benefited by the Arbitration Act. The whole clothing trade of the Colony has been pacified and developed, protected against fraud, sweating, and unfair competition, and rendered stable and respectable from top to bottom by judicial control of the unscrupulous minority.

In Auckland, where conditions were bad, as we have seen in a former chapter, a union was formed in 1892, but the manufacturers fought it, discharging leaders and any operatives known to be active, and tho public opinion was with the working girls and many leading citizens tried to aid them, the negotiations broke down and the trade reverted to anarchy and sweating. After the Arbitration Law was passed, the union was revived, and a schedule of wages agreed upon between it and a great majority of the employers, but 5 refused to agree. The Auckland Tailoresses' Industrial Union therefore with the assent of the better class of employers instituted proceedings before the local board under the Arbitration Act, and obtained an increase of wages averaging 15 per cent, tho the new wages were only \$4.35 a week for first-class finishers (of shirts, coats, pants, etc.), with \$3 for the inferior hands, and \$1 for beginners in the first four months, \$1.25 the second four months, etc. In stating the case the representative of the union, speak-

ing in behalf of the employers and employed who had agreed to the new wages, remarked: "It is undoubtedly wrong that honorable and fair-dealing manufacturers who are prepared to pay a fair wage to their employees should have to compete against others who are working their factories at a difference of over thirty per cent in the wages of their women workers. There has not been any spirit of antagonism in this matter. It is a battle really in behalf of those who are prepared to do the right thing and to keep down the extension of the sweating system."

When the arrangement expired the employers without litigation made a new and still better agreement with a provision that "employers in employing labor shall not discriminate against the union, nor do anything directly or indirectly in the engagement or dismissal of hands for the purpose of injuring the union," and this agreement filed in the Supreme Court under the provisions of the Arbitration Act, bound both parties like a decision of the Court.

The sewing women of the merchant tailor shops in Wellington got a 2 years' award in September, 1898, giving preference to unionists, limiting apprentices to 1 to 4 workwomen, stipulating that all work should be done in the employers' shops, and fixing \$7.50 as the minimum weekly wage for good coat and trousers hands (and \$6.25 as the lowest for inferior hands), with 45 hours work per week, and all overtime to be paid as time and a quarter, and piece-work out of business hours also to be paid 25 per cent extra. The women had asked for a higher wage—\$9.37 for first class hands, while the masters had been willing to give only \$6.25. The rates under the award were 60 cents to \$1.25 a week more than the terms offered by the employers, besides the other benefits of the decision. The secretary of the union says: "We are a lot better off than we were."

In Dunedin 42 out of 49 clothing firms signed an agreement with their employees, but 7 refused, and the women in 1899 appealed to the Arbitration Court, which gave a decision similar to that just cited from the Wellington award. It appeared in this case that the intractable minority held out because the agreement reached by the majority would put an end to a fraud that was being practised in their stores. They were in the habit of taking orders for clothing to be made according



to measure at custom-made prices, and then sending the orders to a factory to be made up by factory workers at factory prices, instead of sending the work to their own tailors and tailoresses. The profits of this fraud on the public they put in their pockets, or used the margin to cut prices to the detriment of competitors who honestly gave their customers what they paid for. The Court put a summary stop to this cheating of customers, ordering that "all bespoke work—all goods sold as tailor made" should be made as represented in the establishment of the employer. The judge told the representative of the irreconcilable minority that "They would have to come in under the same conditions as the rest of the trade, if they were going to continue in the tailoring business"

In all these cases the better class of employers helped the workers to organize, and cooperated with them in bringing the cases under the Arbitration Law to bind the unreasonable minority.

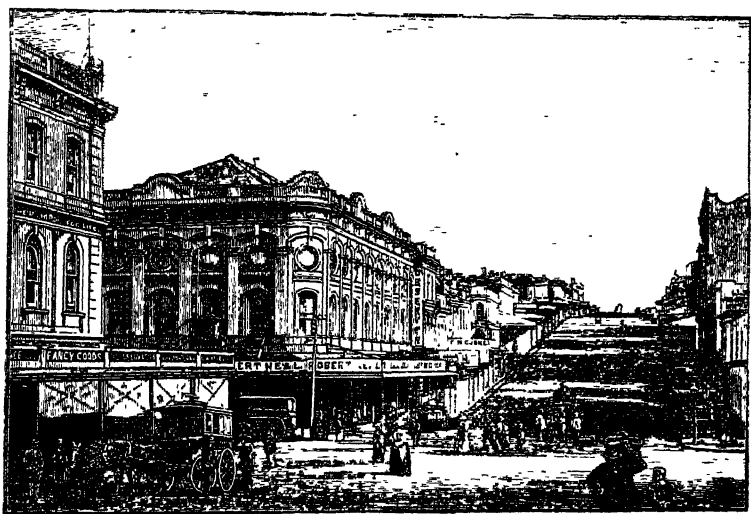
Many working girls and women in the stores and shops of our cities are receiving only \$3 or \$4 a week for hours that in the clothing trade not infrequently amount to 12 or 14, and even 16 a day—and children are employed at 50 cents a week up. If these workers were in New Zealand they could appeal to the Arbitration Court and get a 45 hour week (44 hours now) with \$6 to \$8 pay at the lowest, and children (under the recent provision) not less than \$1.25 a week. Honest dealers would be protected from sweat-shop competition, the public would pay fair prices for good work made under safe conditions, and all working girls could afford to live decent lives.

#### Other Cases.

A few years ago when the linotype machines came in, there was a strike in Chicago that suspended all the daily newspapers in the city for several days. When the typesetting machine invaded New Zealand offices the Typographical Union, failing to come to an agreement with the employers, took the matter into Court and settled the difference without the loss of a day. In Dunedin an agreement was reached by means of a friendly conference between employers and employed in the presence of the judges; the power behind their wise and kindly suggestions being sufficient to secure a settlement without any trial at all.

In the six weeks' Homestead strike in the iron works (1892), brought on by a cut in the wages of a few workers, there were riots, a two days' Pinkerton battle with the strikers, many lives lost, forty non-union men poisoned at their meals, much property destroyed, great loss in wages and product, immense excitement throughout the country, incalculable intensification of the antagonism between labor and capital, and complete failure of the men with permanent loss of their places by many of them. That was an iron settlement in the United States.

When the iron workers of New Zealand had a grievance in 1899, they took it to the Arbitration Court and obtained an im-



VICTORIA STREET, AUCKLAND.

*The employees in these stores and factories have the right to appeal to an impartial tribunal for the redress of any grievance in their relations with their employers or the settlement of any industrial dispute*

partial hearing and a just judgment binding the companies hard and fast, without anger or bloodshed or loss of property.

In 1894 we had a great coal-miners' strike spreading over eleven States and one Territory, whole counties terrorized, strikers intrenched in open insurrection, much property destroyed, troops powerless to preserve order, shooting, eviction, dynamite, assassination, kidnapping, torture, pitched battles, many lives lost, to say nothing of the suspension of industry and the incalculable losses of labor, capital, and the public. And now (1902) we are having another tremendous

coal strike in the anthracite regions of Pennsylvania, throwing 150,000 men out of work, making fuel scarce and high over a large part of the country, depriving industries of the coal they need, filling our beautiful cities with bituminous smoke and dust, and causing inconvenience and loss in their homes and business to twenty or thirty millions of people, all because a few coal barons refuse to arbitrate the grievances of the workers, as the men desire and offered from the start to do.

The evening after the first draft of this section was written the New York papers contained the following account in letters three inches high :

## **FORTIFIED CAMP OF STRIKERS CONFRONTS THE TROOPS**

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### **TROOPS ORDERED TO SHOOT TO KILL**

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Miners at Shenandoah Startle the Twelfth  
Regiment by Throwing up Fortifications  
on Top of the Huge Indian Ridge  
Colliery Culm-heap Command-  
ing the Militia Camp.

The next night the papers said :

## **SHENANDOAH RULED BY BAYONE**

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### **MARTIAL LAW IN FORCE IN THE REGION OF THE STRIKE.**

In spite of the efforts of President Mitchell and other leaders of the mine workers there have been many cases of violence to men exercising the right to continue at work, and to "scabs" coming in to take the places of the strikers. Coal has gone up from \$5 to \$20 and even \$25 a ton, and is hard to get at that.

The total losses already incurred in the five months this disastrous conflict has been in progress, run up into the millions.<sup>7</sup>

In New Zealand, instead of Chicago, Homestead, or Shenandoah labor wars, there are quiet and orderly hearings. The miners got awards and agreements binding the coal companies in 1899. Two companies neglecting to comply with the terms as to wages, etc., were fined by the Court and compelled to come into line. The men got justice without delay or suspension of work. The companies got justice, peace, certainty, and effective protection. And the public suffered no injury—no armed conflict, no troops, no industrial civil war, no lives lost or property destroyed, no mines closed down, no wages lost, no interruption of business, no bitter feeling between classes or individuals—only a summons to debate, a friendly discussion, a thoro investigation, an order or agreement with the force of law and the power of the Government behind it, backed by enlightened public sentiment with full knowledge of the facts.

Conditions may not be right at present in this country, or in many others, to make mandatory arbitration a success. The public sentiment and confidence in the Government, especially among the working classes, that have played so great a part in New Zealand, are lacking here as yet. But the incalculable value of the results where mandatory or majority-rule arbitration can be applied, indicate the importance of pushing forward the educational and governmental changes required to secure the needful conditions for its success.<sup>8</sup>

Neither the Chicago strike, that blocked the business of a continent and cost about ninety millions of dollars, nor the big conflict now going on in the coal regions with 150,000 men thrown out of work and the coal supply cut off from whole

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<sup>7</sup> Through the wisdom and energy of President Roosevelt and the admirable management of President Mitchell, of the Miners' Union, the case has now been submitted to an Arbitration Commission, and the war is over. The mine and railway owners did not want to arbitrate, but President Roosevelt practically forced them to do so. The people are very glad that he did; they heartily endorse this compulsory arbitration; they believe the owners had no right to refuse to arbitrate; the unanimous verdict is that it is an excellent thing to refer the matter to judicial decision instead of combat, and let the men go back to work in the mines, earning their living and giving the people coal.

Now what we need is a permanent system for accomplishing the same thing in all classes of industrial dispute. Not a sporadic reference to arbitration here and there after a five months' fight, but a systematic means of securing arbitration in all cases at the very start without any fight at all.

<sup>8</sup> See chapter on Contrasts and Conclusions.

States full of people, nor the violent disorders of the street railways in several of our giant cities, nor any other of the twenty-five thousand strikes and lockouts we have had, would probably have occurred under a mandatory arbitration law, covering the whole field of industrial disputes, administered by impartial courts, and backed by enlightened public opinion.

## II.

### SIMPLE, CHEAP, SWIFT, AND EFFECTIVE JUSTICE.

The Arbitration Court is simplicity itself. The judges sit at a table on the same floor as the disputants. No lawyers are allowed without consent of all parties, which is rarely given. The Court is bound by no precedent or rules of evidence or technical matter of any kind. It is to decide in such manner as it deems will accord "with equity and good conscience," "avoiding all technicality." It may summon witnesses and call for books. Its judges are not removable during the three-year term except for bankruptcy, crime, insanity or absence from three consecutive sittings of the Court, or by vote of both Houses of Parliament. Its decisions cannot be revised or controlled by any other court. The boards must report on a case within two months after application for the hearing of it. And the Court must make its award within one month after it begins to sit for the hearing of any reference.

The boards and the Court alike insist that the complainant shall endeavor to arrive at a private understanding before a hearing is granted, and if this has not been done the tribunal will adjourn the proceedings to give the parties a chance to see if they cannot settle without litigation. Not infrequently, whenever the parties are willing in fact, a conference of the disputants is held in presence of the Presiding Judge, or of all three judges, and through the wise and kindly suggestions of the Justices the parties are often brought together and a settlement attained without trial. Everything possible is done to secure amicable agreement without litigation.

The Act provides that an "Industrial Agreement" signed by the parties and filed in the Supreme Court shall have the force of law, or of a judgment of the Court. Such agreements are frequently made voluntarily, and it is the practise of the boards

to recommend, and of the Court to order the signing of such agreements embodying the terms of the decision. On the expiration of an award the parties often agree to continue it for a new term, or come to some modified understanding without going into court.

#### **Preference for Union Labor.**

The awards have raised wages, shortened hours, and improved conditions. Where the workers in a trade are well organized and the unions are open to any decent operative in the trade on reasonable terms, *the Court orders employers to employ union members in preference to non-unionists* whenever there is a unionist equally competent for the work and ready and willing to do it. If the trade is well organized, but the rules of the union are exclusive or the admission fees too high, the Court orders preference to take effect when the union modifies its rules so that any worker of good character in the trade who wishes to join may do so on payment of an entrance fee not exceeding 5 shillings and subsequent contributions not exceeding 6 pence a week.

Awards of union preference have been granted in more than fifty cases, including all the leading trades of the Colony. The employers fought this most energetically, and even carried it in 1899 to the Supreme Court, in spite of the clear declaration of independence in the Arbitration Act that "no award, order or proceeding of the Arbitration Court shall be liable to be challenged, appealed against, reviewed, quashed or called in question by any court of judicature on any account whatsoever." The Supreme Court and Court of Appeal held that the Arbitration Court had a right to do as it pleased in the matter, and in 1900 Parliament expressly endorsed the policy of giving preference to unionists. It is in line with the whole trend of the law in its encouragement of organization both of labor and capital, with free play for all their powers of good, but with their teeth drawn.

Non-unionists already employed are not to be interfered with, and union men are to work in harmony with them. Unionists who receive preference must also accord preference to employers who are organized.

#### **Building Trades.**

The Court has awarded carpenters an 8 hour day for five days and 4 hours the other day—44 hours a week, a minimum

wage of 32 cents an hour, overtime paid at the rate of time and a quarter for the first four hours, and time and a half afterwards, with double pay for Sunday work. Men who do not consider themselves able to earn \$2.50 a day may work for such lower wage as may be agreed on with assent of a committee of the workers and employers, or the secretary of the union or the chairman of the local board of conciliation. Time and expenses of traveling to country work to be paid for. Preference given:

"Employers shall employ members of the association in preference to non-members, provided that the members of the association are equally qualified with non-members to perform the particular work required to be done, and are ready and willing to undertake it."

"Where non-members are employed there shall be no distinction between members and non-members, and both shall work together in harmony and receive equal pay for equal work"

"Any dispute under the two last foregoing rules, if it cannot be settled by the committee above referred to, shall be decided by the board of conciliation."

#### Painters, Etc.

Painters, paperhangers, glaziers, grainers and decorators, 44 hours a week,<sup>9</sup> 30 cents an hour, overtime paid as 1¼ time, 1½ time from 8 p. m. to midnight, and double time after midnight. Workers who are old or otherwise unable to earn the minimum wage of the award, allowed to work at a lower rate agreed on by the union or chairman of the local board. Union preference and provision for apprentices, as follows:

"All boys working in any branch of the trade shall be legally indentured as apprentices for the term of five years, but every boy so employed shall be allowed three calendar months probation prior to being so indentured.

"The proportion of apprentices to journeymen employed by any employer shall not exceed one apprentice for every four journeymen or fraction of four. For the purpose of determining the proportion of apprentices to journeymen in taking any new apprentice, the calculation shall be based on a two-thirds full-time employment of the journeymen employed for the six previous calendar months.

"Arrangements between employers and apprentices existing at the time of the coming into operation of this award shall not be prejudiced,

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<sup>9</sup> In America thousands of workers are organizing great strikes to get a 55-hour week, ten hours five days and five hours on Saturdays; employers are resisting the demand, and whole industries are paralyzed in consequence. In New Zealand trade after trade has got a 48-hour week from the legislature without any strike except at the ballot box; and is now getting even a 44-hour week from the Arbitration Court without appreciable loss of time or wages or any injury to the public.

but any employer then employing any apprentice under any verbal arrangement must procure such apprentice to be duly indentured within three calendar months thereafter

"The wages to be paid to apprentices shall be: For the first year, 6s. 6d. per week; for the second year, 10s. per week. for the third year, 15s. per week; for the fourth year, £1 per week, and for the fifth year, £1 5s. per week."

#### **Cooks.**

Pastry cooks 8½ hours, \$10.50 minimum a week, with the usual provision for incompetents, limitation of employment of youths, and preference.

"Members of the union shall be employed in preference to non-members, provided there are members of the union who are equally qualified with non-members to perform the particular work required to be done, and are ready and willing to undertake it.

"The last preceding clause shall not interfere with the existing engagements of non-members, whose present employers may retain them in their service in their present capacities or in any other capacity.

"Where members of the union and non-members are employed together there shall be no distinction made between members and non-members; both shall work together in harmony, and both shall work under the same conditions and receive equal pay for equal work."

#### **Printers.**

Compositors: Case hands, 48 hours, \$14 and \$15 a week minimum; linotypists, 42 hours, \$16.50 minimum; bottom piecework rates also fixed, union preference, and apprentices limited to "one for the first two journeymen permanently employed, one more for the next three journeymen employed and one additional for every five journeymen permanently employed."

#### **Coal Miners.**

Coal miners got an 8 hour day, \$2.50 per shift at the lowest, and many other provisions relating to balloting for places, piecework, difficult places, wet places, hot places, helpers, truckers, timbering, etc., together with the following:

1. Saturday shall be a half-holiday when the mine has worked three full days previously in the same week.

2. The horn shall be blown at 8.30 p. m. when the manager knows for certain that the next day will be an idle day.

3. No coal shall be worked on shift wages in places where piece-rates have been fixed, except by special arrangement between the mine-manager and the local committee of the Workers' Union.

4. No more than two workmen shall be employed in one place on



the same shift, unless special arrangements have been made with regard to prices between the mine-managers and the local committee of the Union.

5. Any matter not provided for in this award may be settled by agreement between the company and the local committee of the Workers' Union.

6. Preference of Unionists (conditional).—If and after the Workers' Union shall so amend its rules as to permit any person of good character and sober habits now employed as a miner in this industrial district, and any other person now residing or who may hereafter reside in this industrial district who is of good character and sober habits,<sup>10</sup> and who is a competent miner, to become a member of such

<sup>10</sup> In other cases, the Dunedin carpenters, and Wellington printers, for example, the preference clause begins with the words

"If and after the union shall so amend its rules as to permit any person now employed in this industrial district in this trade, and any other person now residing or who may hereafter reside in this industrial district who is a competent journeyman, to become a member of the union upon payment of an entrance fee not exceeding 5s.," etc., as above.

Unions that have renounced the right to strike except in a court-room, and are open to any decent worker in the trade, are clearly entitled to preference. One of the principal policies of the Arbitration Law is the encouragement of organization. Only by organization do the workers come within the prohibition of strikes and lockouts. Only by organization can they acquire the right to bring their employers into Court or to choose the members of the boards and Court. When the law interferes with the trade-unionists' "sacred right of insurrection," and they register under the Arbitration Act, manifesting their willingness to give up the right of war without trouble or protest, it is only fair that they should receive special consideration.

The preference is not unfair to non-union men for they can easily join the unions, or if they do not wish to enter existing unions they can form unions of their own. Any five workers can register as an industrial union without cost, and the Court would not be likely to give preference above any industrial union, however small, for industrial unions are the express instruments and proteges of the Arbitration Law. The unions are of great benefit to non-unionists as well as unionists, in probing grievances, negotiating, arbitrating and watching the observance of awards. Their exertions and expenditure in conducting successful proceedings benefit non-unionists as well as themselves, altho the non-unionists have given no help.

Neither is the order of preference unfair to employers. Employers are bound by the awards just the same whether their employees are union or non-union, and as the President of the Wellington Industrial Association, a strong body of employers, has pointed out, the award of preference does not destroy an employer's right to pick and choose amongst individual workmen, and the employment book clause (appended to the preference provisions of the printers, carpenters and miners awards above cited and in many other cases), really aids the employer's choice. In respect to this the President of the Wellington Association says:

"As unions where they get preference have now to be entirely thrown open, they must of necessity have all classes of workmen. But that does not imply that employers must either take or keep on an unsatisfactory workman because he is a unionist whose union has preference, for the award expressly provides that a public record must be kept of where workmen previously worked, so that an employer may satisfy himself as to the fitness of a workman before engaging him."

Moreover, union labor is more valuable to an employer than non-union labor, not only because of the superior efficiency that characterizes it as a rule in all English-speaking countries, but in New Zealand because of the further advantage of its serenity—it has taken off the war paint. As Mr. Reeves says: "Non-unionist labor is usually valued either because it is cheaper or because it is more peaceable. But under the Arbitration Law non-unionists must get the same pay as the unionists, and unionist strikes

union upon payment of an entrance fee not exceeding 5s., and of subsequent contributions, whether weekly or not, not exceeding 6d. per week, upon a written application of the person so desiring to join the Workers' Union, without ballot or other election, and shall give notice of such amendment with a copy thereof to the company, then and in such case and thereafter the company shall employ members of the Workers' Union in preference to non-members, provided that there are members of the union equally qualified with non-members to perform the particular work required to be done, and ready and willing to undertake it: *Provided*, That this clause shall not interfere with engagements subsisting between the company and non-unionists at the time when such amendment as aforesaid shall be made and notice thereof shall be given to the company as aforesaid, but that the company may continue to employ any miner then actually employed by the company as theretofore, altho such miner may not be a member of the Workers' Union, and altho such miner may, from want of trade or otherwise, be from time to time not actually employed in the mine.

Until compliance by the Workers' Union with the conditions of the last clause, the company may employ miners whether members of the Workers' Union or not: but the company shall not discriminate against members of the Workers' Union, and shall not, in the employment or dismissal of men, or in the conduct of the mine, do anything for the purpose of injuring the Workers' Union, whether directly or indirectly.

When the members of the Workers' Union and non-members are employed together there shall be no distinction between members and non-members, and both shall work together in harmony and shall receive equal pay for equal work.

So soon as the Workers' Union shall perform the conditions entitling the members of the Union to preference under the foregoing clauses, the Workers' Union shall keep, in some convenient place in Kaitangata, a book to be called "the employment-book," wherein shall be entered the names and exact addresses of all members of the Workers' Union who shall from time to time be desirous of obtaining employment with the company, and the names, addresses, and occupations of all persons by whom such member of the Workers' Union shall have been employed during the preceding two years. Immediately upon any such member of the Workers' Union ceasing to desire employment with the company a note thereof shall be entered in such book. The executive of the Workers' Union shall use their best endeavors to verify the entries contained in such book, and the Workers' Union shall be answerable as for a breach of this award in case any entry therein shall be wilfully false to the knowledge of the executive of such union, or in case the executive

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are abolished. It is only the non-unionists (in a trade where there is no award in force) who can strike, and who—tho rarely and then only in petty groups—do. They are, therefore, to that extent, the more dangerous servants of the two. Nor, be it noted, does an employer who has only non-union men in his factory stand clear of the Act. Nor, again, can he take himself out of it by discharging his union hands and pleading that he has none in his employ. If an award has been made dealing with the trade in his district, he is bound by it as much as his competitors who employ union labor."

of such union shall not have used reasonable endeavors to verify the same. Such book shall be open to the company and to its servants, without fee or charge, at all hours between 8 a. m. and 5 p. m. on every working day. If the Workers' Union fail to keep the employment-book in manner provided by this clause, then and in such case, and so long as such failure shall continue, the company may employ any person or persons, whether a member of the union or not, to perform the work required to be performed, notwithstanding the foregoing provisions. Notice shall be given by the union to the company in writing of the place where such employment-book is kept, and of any change in such place.

#### Slack Times.

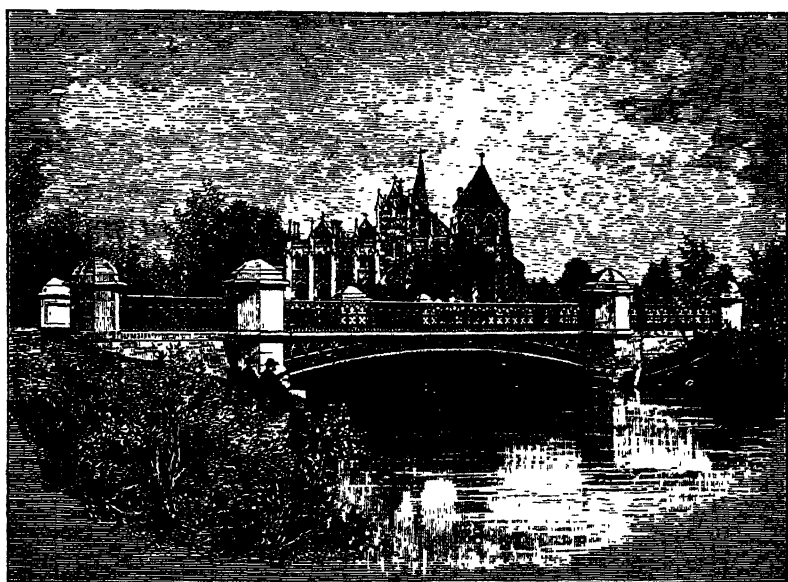
The Court has recommended that in slack times employers shall, if the men desire it, distribute the work among their employees, giving each a share rather than discharging any.

#### Employers Protected and Aided.

One of the most important functions of the Court has proved to be the protection of fair and honest employers from the wage-cutting of conscienceless competitors and the frauds of dishonest rivals. The Court stops sweating practises with a strong hand, and compels those who are addicted to cut-throat competition and guerrilla warfare, to come out of the bushes, pay standard wages and give the trade, the workers, and the public fair play. Competition goes to quality, skill, and productive power, instead of to wage shaving and oppression of labor. This abolition of wage-cutting and unjust competition, and the fixing of hours, rates, and conditions for definite periods, enables manufacturers and capitalists to make contracts and calculations for the future with a certainty and safety unattainable under the old regime. This, together with their sympathy and sense of justice, explains why it is that so many employers in New Zealand have coöperated with the workers to bring their trades before the Court. The reasonable majority want to bring the unreasonable minority under the law and tie them fast with decent regulations. Employers in many instances have done this, helping their men to organize and present issues to get decisions binding upon the whole trade.

Before the law was passed the mass of employers and workers in the boot business and in other trades had been willing to make reasonable agreements and had tried to establish arbitration of differences, but had been foiled by a few intracta-

ble employers who would not come into the arrangement. Instance after instance has occurred where the great body of workers and employers in a district have arrived at an understanding and put it into an industrial agreement, but finding a few who would not sign, have taken the case to the Court, which has ordered the "kickers" to conform to the terms of the agreement reached by the trade in general. In the Wellington Tailor case, for example, 26 out of the 28 merchant tailoring establishments signed an industrial agreement with their employees, but the General Drapery and Importing Co. of



SUPREME COURT, CHRISTCHURCH

*The development of judicial methods is one indication of the greatness of a people. The treatment of courts is an index of civilization. If a nation builds palaces for stock exchanges and houses its courts meanly, it probably devotes itself more to trade than to justice; but if it builds its best for courts and schools, churches and public buildings, its civic conscience is in a healthy condition.*

New Zealand and the firm of Kircaldie and Stains refused concurrence. They were called into court and the judges, after hearing, ordered them to accept and abide by the terms of the said industrial agreement. In another case 159 master builders signed an industrial agreement embodying the recommendations of the Auckland Conciliation Board, but 19 employers, including the city council, refused, so the case went to the

Court to bind these stragglers. We have already seen how appeal to the Court was necessary in the shoe business and the clothing trades to bind a small fraction of employers, irreconcilables, commercial dead-beats and cut-throats, to the terms agreed to by the bulk of the employers and the workers. The Arbitration Law and the powerful Court have simply compelled the stubborn minority to do what the great majority wished to do or were willing to do.

#### Number and Nature of Proceedings.

Over two hundred suits have been brought in the 8 years the Act has been in operation. Most of the suits are brought by the men, but not all; and most of the judgments have been favorable to them, but not all. When decisions have gone against the trade-unions there has been some grumbling, but no disobedience. Some employers have tried to evade the law or refuse conformity to it, especially two coal companies that did not pay the wages ordered by the Court. Such breaches have been promptly checked by the Court without the need so far of any severe measures, the highest penalty yet inflicted being a fine of \$125 and costs.

One of the most remarkable results of the New Zealand system is the cordiality and friendliness that has been developed between employers and employed. The discussions in Court are in good temper, and employers, judges, and observers from other lands frequently comment on the good feeling shown and the kindly relations that exist between labor and capital both in and out of Court.

The suspicions and hostility that accumulate when employees work in the dark and under the arbitrary rule of capital are dissipated in the light of the facts afforded by arbitration proceedings, and by the consciousness that the final control is no longer one-sided or arbitrary, but rests in a body representing all three partners in industry—labor, capital, and the public.

#### ADVANTAGES OF MANDATORY ARBITRATION.

Some of the benefits of the New Zealand system are as follows:

1. Industrial peace. Safety from the interruptions, losses, disorders, animosities, and debasements incident to labor wars.

2. Justice. A strike or lockout affords no guarantee of a just conclusion. It does not decide by right, but by might. It is the business of a court to investigate and determine what is fair—while the business of a strike is to see which party is the stronger.
3. Fairer diffusion of wealth. The workers, especially those most poorly paid before, have been awarded a larger share of the industrial product. Sweating has been stopped, and dishonest and objectionable profits cut off.
4. Conditions of labor equalized and improved so far as reasonably possible under existing circumstances.
5. The Civilization of Commerce aided, not only by the attainment of enduring peace in place of intermittent labor wars, but by changing the fundamental question between employer and employed from: "How little can this labor be had for in the competitive market?" to "How much is this labor fairly entitled to?"
6. Organization encouraged and safeguarded. Preference given to unions that are fair and open, a premium put on organization by privileges accorded it, and at the same time a powerful check placed upon the abuse of organized power.
7. Collective bargaining established on sure foundations: No more refusal to deal with unions, or insistence on separate agreements with helpless individual workers.
8. Trade honesty guarded and enforced.
9. Publicity secured. The light let in on industrial facts, giving labor the truth and affording public opinion a solid basis for true and vigorous action.
10. Effective protection of fair and honorable employers from the ruinous competition of commercial cut-throats, and the tricks and frauds of unscrupulous rivals.
11. Certainty in calculating wages and cost, and making contracts for the future.
12. Prosperity developed and intensified.
13. Stability of business and assurance of profit.
14. Attraction of capital and lowering of interest and insurance.
15. Cordial relations between employers and employed at all times, even in the midst of industrial disputes.

16. Longer and richer life for the individual and the Commonwealth through elimination of conflict and passion, and the lessening of worry.
17. A nobler manhood, with broader sympathies, and fuller reliance on reason and justice. Nothing is more important than the character development resulting from the new conditions.
18. The *Arbitration habit*—the habit which is being formed of relying on arbitration to determine industrial difficulties.
19. The ideals and sentiments appropriate to conference and debate evolving and taking root in place of the ideals and sentiments appropriate to battle.
20. The spirit of commercial conquest and industrial dominion being weakened and the spirit of mutualism strengthened.
21. Control of industry by a body of directors representing all three parties, instead of only one.
22. New educational forces put in action.
23. A notable example given of simple, cheap, swift and effective justice.
24. Government strengthened and domestic tranquillity ensured by removal of one of the chief sources of disorder.
25. Political liberty supplemented and perfected by the development of industrial liberty—"free institutions" cannot be really free till neither employers nor workers can dominate each other.
26. Solution of the trust problem aided by recognition of the principle that industrial power is a public trust, and by judicial restraint of organized wealth.
27. Another field added to the social territory wrested from private war and violence. A higher civilization through a new extension of decision by intelligence in place of the barbarous method of decision by battle.
28. Unities of interest emphasized rather than oppositions of interest.
29. Help in the movement for international arbitration and the abolition of war,—every diminution of conflict lessens the spirit of conflict, and every success of arbitration aids its extension.

30. The growth of cooperation favored by the harmony and coördination established by arbitration—a most important result, for only cooperative industry can remedy all the evils of economic inequality and remove the last remnants of antagonism between labor and capital by making their owners identical.

#### OBJECTIONS.

The principal objections urged against the New Zealand system in the Colony and out of it, are that "compulsory arbitration" is an interference with liberty, an infringement of the right of free contract, and the capitalist's right to manage his business as he pleases; that it would hamper industry, strangle prosperity, and drive capital out of the country; that voluntary arbitration is better; that courts are liable to be manipulated in favor of capital; that workingmen are not responsible, cannot be held to the awards, and so the law is one-sided and unfair; that too many suits are brought by the workers; and that if dull times come the decisions will cut wages down and then labor will rebel and repeal or defy the law.

Almost every law interferes with liberty in some way. Compulsory education, compulsory sanitation, compulsory payment of taxes, legal limitation of railway and trolley fares, telephone and gas charges, etc., factory laws, Sunday laws, temperance laws, oleomargarine laws, laws limiting the height of buildings and requiring fire escapes, laws against nuisance, libel, theft, violence, disorder, etc., etc., all interfere with liberty. If we are not to interfere with liberty we must throw away our statute books. The true question is not whether there is an infringement of liberty, but whether there is a justifiable infringement. Individual liberty must yield wherever the public good clearly requires it. There is no right to liberty to do wrong. A government that has a right to forbid crime, disorder, nuisance, conspiracy, and duress has a right to forbid strikes and lockouts.

The New Zealand law, however, does not go so far as this; as already remarked, it is not compulsory in the full sense conveyed by that word. If both labor and capital wish to fight New Zealand does not compel them to arbitrate. It is



only when one disputant demands arbitration that the State joins with him and requires the other to submit the contention to judicial determination. It is exactly the same thing that has been done for centuries in other classes of disputes. Every court of justice is a court of compulsory arbitration in the same sense. The trouble largely arises from an unfortunate nomenclature. If the New Zealand system were entitled "The Administration of Justice in Labor Disputes," as it should be, the objection would vanish.

Moreover, unless the parties agree, there is no escape from compulsory process of some sort. The fixing of wages and hours by strike or lockout is quite as compulsory as their determination by mandatory arbitration. It is only a question between the compulsion of force, and the compulsion of reason and common sense.

Finally, the compulsion under mandatory arbitration is not only of a better quality, but less in amount than under a system of coercion by conflict, or the fear of it. How little compulsion is really used in the New Zealand system is not generally understood. Much more of the compulsive element is attributed to judicial arbitration than really belongs to it under a proper system.<sup>11</sup> In this, as in other cases of the administration of

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<sup>11</sup> In the *Annals of the American Academy of Political and Social Science* for July, 1902, p. 32, I find the following: "I concur with Senator Hanna, who does not believe in compulsory arbitration. . . . If men were compelled to work by order of the State, with the representatives of the State entering with whip in hand or a commitment to the jail, it would create a nation of sullen, unwilling and resentful workers; a condition that we do not wish to encourage; a condition which would be most hurtful to our industrial and commercial greatness and success." These words are entitled to most respectful consideration, for they come from the President of the American Federation of Labor. It is clear, however, that President Gompers could not have had the New Zealand system of arbitration in mind, for the State does not undertake to compel men to work when the conditions prove unsatisfactory. After the arbitration either party may stop.) But the Court has proved its ability to make decisions that both sides would rather accept than to quit, as they always have the right to do. And no class of workpeople in the world is further from being a "nation of sullen, unwilling, resentful workers" than the New Zealand unions, voluntarily registering under the Arbitration Act and gladly appealing to their democratic Court, in which they are fairly represented. It is in America you will find sullen and resentful workmen when Federal injunctions prevent redress of grievances by strikes, without provision of any rational substitute. If the public welfare will not permit a railway strike or lockout paralyzing the traffic of the country, then it is surely the duty of society to give to labor another means of defence as good or better than the one that is taken away, and the only method of doing this at the present stage of pre-cooperative development is to establish industrial arbitration with the power of the law behind it. When the law curtails the strike it should provide the arbitration court.

The *London Spectator* says compulsory arbitration makes slaves of workmen, as they have to accept wages that are fixed by the Court. It is

justice, it is only the few that are subjected to compulsion to make them conform to regulations which the majority regard as fair and reasonable. In the march of evolution there is always a straggling lot in the rear of the procession of progress who refuse to conduct themselves according to the ethics recognized by the average conscience. It is the business of the court to ascertain the dictates of this average conscience, the ethics of the great majority, and require the stragglers to obey them.

There is no unlimited right of "free contract;" usurious contracts, immoral contracts, contracts in restraint of trade, or against public policy in any way, are unlawful. Moreover, contracts between employers and employed are ordinarily far from being free.<sup>12</sup> There is in reality much more freedom of

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curious if the law makes slaves of the workers that they should year after year organize and register under it in larger and larger numbers. The workmen of New Zealand appear to enjoy the new slavery. The fact is that the Court only fixes minimum wages. The men are free to get as much more as they can. But no competent worker can accept or employer pay to him a wage-rate lower than the living wage determined by the arbitrators. Wages have to be fixed somehow. The only question is whether they shall be fixed by force, economic violence, struggle in the dark, or by investigation and impartial judgment in the light of all the facts.

A writer in the London Times criticising the New Zealand institution says: "Is it conceivable that at the close of the nineteenth century either masters or men would submit to such a tyrannical judicial interference with their liberty?" For eight years New Zealand masters and men have been submitting to the Arbitration Court, and not merely submitting but appealing to it, often by mutual assent of the majority of both masters and men. It is not a case of tyranny but of democracy—the Arbitration Court is a representative body, a special industrial legislature chosen by workers, employers and consumers. If it is right to put political power in a representative body called a Legislature, why is it not right to put industrial power in a representative body called an "Arbitration Court"?

In some cases local labor leaders in this country have refused to arbitrate because they said that a submission to arbitration implied a willingness to compromise the dispute. It is true that boards of arbitration do show a tendency to split the difference. Many times the truth and justice of the case lies between the two extreme positions of the disputants, and when this is so a just verdict will have the outward appearance of a compromise, but when one party is wholly right in any claim it is the duty of the arbitrators to find for that party in respect to that claim, and there is no more implication of a willingness to compromise in submitting a labor dispute to judicial decision than there is in trying any other sort of case in court. If the plaintiff can prove he is right he expects to win his suit.

For a discussion of some other objections, etc., see an article on Arbitration by the present writer in the *Arena*, Vol. 17, p. 663, March, 1897.

<sup>12</sup> What is called free contract is often free only on one side. The capitalist knows all the facts of the business, the worker frequently knows nothing of the profits or possibilities of the trade; the employer can wait, the workman must have work to get bread for himself and his family, and other needy workers are pressing for employment willing to take whatever they can get so it will keep them. Is that free contract in any reasonable sense? When a large employer contracts with the individual worker, the employer is too free, and the worker not free enough ordinarily. It is only when the workers combine to substitute collective bargaining for individual

contract under compulsory arbitration than without it, for an honest effort at agreement is a condition precedent to a reference, and the strength of the parties is equalized by the right of each to take the case into court; and very many differences are settled by agreements really entitled to be called free. The desirability of free and honorable contract is therefore an argument in favor of arbitration, not against it. But so far as the objector claiming freedom of contract means an unlimited right of the strong to make the weak agree to their terms without any restraint in the interests of justice and the public good, no such right can be allowed.

Neither does capital possess a right "to manage its business as it pleases." Values are created, not by capital alone, but by labor, capital, and the public. Values are the joint product of three factors, two living and one dead; and it is manifestly unfair to leave substantially the whole direction and control of business in the hands of individuals and boards of directors representing only the inanimate partner in production,<sup>13</sup> putting

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bargaining that something like a reasonable balance is attained in industrial contracting.

A member of the New Zealand Parliament recently put the matter in a strong light when he said in the House, July 2, 1902: "Does not any man who has read the history of this or any other country know that 'freedom of contract' means freedom to work men as many hours as you can force them to work, and for as little pay under any or all circumstances—that freedom of contract means grinding the faces of the working-classes?"

<sup>13</sup> Organized labor is right in demanding a share in the control of industry. But the unions, in combating the domination of capital, too often seek to establish in its place a counter domination of their own that is quite as arbitrary as the rule of capital. Regulations and orders that prevent a compositor from working a press or a pressman from setting type, or a foreman from putting his hand to the work, or a mason's assistant from laying a brick, or a plumber from nailing up a shelf, or one kind of a carpenter from doing another sort of carpenter work, regardless of liberty, economy, convenience, or necessity, are not to be tolerated, no matter how good the motive of such regulation may be. To force employers to discharge faithful non-union workers; to call out the men on strike from the shops of liberal-minded employers against whom there is no complaint, and cripple or ruin them for the fault of unregenerate competitors; to tie up the transportation of a State, or the building operations of a city without reasonable notice or opportunity for arbitration; to boycott, persecute, maim and kill law-abiding citizens because they do not belong to a union—such things are outrages, partly justified perhaps in the present state of industrial war, but none the less outrages and not to be permanently endured. The despotism of the trade-union is quite as bad as the despotism of capital, especially where the union is dominated by ignorant demagogues attaining and holding their power for selfish ends and by methods similar to those employed by the low-grade politicians in our city governments. Labor and its cause have the profoundest sympathy of all right-minded people, and it is clear that the unions have done incalculable good, but it will not do to ignore their mistakes. Their excesses are their own worst enemies, and may do the workers as well as the public almost as much harm as the wrongs of capital. Neither the arbitrary rule of the capitalist nor the arbitrary rule

the dollar above the man instead of the man above the dollar, and instituting rule by the dead minority in place of government by the living majority. Yet New Zealand is the first country to turn the tables by establishing an effective board of directors representing all three partners, with more votes for the representatives of the living than for the representatives of the inanimate partner—more power in humanity than in property.

Voluntary arbitration is very good as far as it goes, but, as we have seen, it fails just where it is needed most. We have a record of about 25,000 strikes and lockouts in a quarter of a century, with losses of 500 millions to the labor and capital involved, to say nothing of the damage to the general public. We have sixteen States with voluntary arbitration laws, and a National Federation for the same purpose, and vigorous private efforts to secure peaceful settlement, but tho some good work is accomplished, the tide of conflict rolls on practically unchecked. Even the Massachusetts board, the best of all, does not succeed in the big cases, and the Civic Federation totally failed in this hundred-million-dollar coal strike in Pennsylvania. Great Britain, the leader in voluntary arbitration, has 800 to 1,000 labor wars a year, at an estimated annual cost to the country of 40 million dollars. France has had 4,273 strikes in 8 years, and the German industrial courts settle only 4 per cent of the labor conflicts. In the nature of things voluntary arbitration must fail wherever one party does not wish to be fair, or is too hot to forego a battle.

When the bill was under discussion in Parliament the Opposition were entirely favorable to the conciliation boards, but strenuously objected to the Court. Everybody accepted voluntary arbitration, but few at first saw the need of mandatory arbitration. Even the author of the law thought that 9 out of every 10 cases would be settled by the boards. But experience has shown that nearly  $\frac{3}{4}$  of the cases are taken up to the Court. The people like compulsion, finality, binding decision, not mere recommendation.

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of the walking delegate can be permitted. The unity, sense and purpose of industry must be emphasized, and the interests of the public and the future duly considered. When the public passes the kitten stage and gets its eyes wide open, it will insist on industrial management or control representing all three factors, for in that way only is it possible to safeguard the interests of all, and prevent the arbitrary rule of capital or labor, or the possible combination of labor and capital to fleece the public.

The other great argument urged by employers and their representatives was that "compulsory arbitration would hamper industry, destroy prosperity and drive capital from the Colony." But the fact has proved precisely contrary.

As a result of the strike of the Amalgamated Society of Engineers in England, some years ago, some very important concerns moved their works to Russia and Belgium and other countries, but there have been no withdrawals from New Zealand on account of compulsory arbitration. On the contrary, capital has flowed into the Colony faster than before. Industry has not been hampered, but many of its difficulties have been removed. Prosperity has steadily advanced, is greater now than at any time for over twenty years, and New Zealand has become the most prosperous country in the world. Not one trade or business has been injured by the arbitration law.<sup>14</sup>

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<sup>14</sup> Before the law was enacted an employers' convention denounced it as "most prejudicial," and even after it had been in operation three years a lobbyist representing an association of capitalists referred to the amendments acts as "these infernal bills;" but in June, 1900, after these infernal bills were passed and this most prejudicial law had been at work nearly five years, the Canterbury Chamber of Commerce, one of the chief mercantile associations in the Colony, published these sentences in its forty-first annual report.

"Probably at no period in the history of New Zealand can we find such unmistakable signs of general prosperity as we have experienced during the past year. Our industries, almost without exception, have had their capacities taxed to the very utmost, skilled labor has been practically unobtainable, and, except in the case of one or two exceptional trades, there is every prospect of a continued demand for the productions of New Zealand labor. The number of workers employed in our factories in the year 1895 was 29,879. This number has steadily increased until, at 31st March, 1900, the number employed reached 48,938, being an increase of 19,059, or nearly 64 per cent in five years. No stronger proof could be required of the forward march of our industrial army, and it is satisfactory to note that the industries that have benefited most by the wave of prosperity which we are now enjoying have been able to give to the workers higher wages and improved conditions of employment."

Judge Backhouse, the Commissioner from New South Wales, taking trades long under awards for special notice speaks of the high prosperity of the clothing industries, iron trades, and building trades, in which "awards had given the men shorter hours, higher wages and other benefits," and the coal industry, which the Judge says has "not only not been hampered by the provisions of the Act, but has derived advantage from them, and without them it is more likely than not, considering the state of the coal markets of the world, there would have been serious trouble between the owners and the men." Summing his results the Judge says: "My investigation showed that with possibly one exception, industries have not been hampered by the act—the boot trade is the exception. Here there has not been the advance one would have expected from the general expansion in other industries. It would certainly appear that the conditions imposed have been such that this particular trade has not shared in the general prosperity." When we examine the matter, however, we find nothing in the awards to account for the condition of the boot trade. The hours are longer (48) and the \$10 minimum wages lower than the awards in a number of other trades. Moreover the conditions of the awards have been repeatedly continued by agreement of employers and men after the term of award ex-

Capital has not left the country, but has been drawn to it with a new attraction due to the stability of business and security from the interruptions and losses incident to labor wars. It is not arbitration that hampers industry, but the absence of it—it is not arbitration that stops machinery, paralyzes business, and wastes millions of hours and dollars, but the strikes and lockouts consequent upon the lack of arbitration.

In respect to this "hampering of industry," Mr. Reeves says:

For some years past, labor in almost every trade has been fully employed, the numbers of the workless have fallen progressively, employment from being scarce has become plentiful, in all the towns building has been brisk, new factories have been opened, and the shopkeepers who deal with the working classes admit cheerfully that business is better and bad debts fewer than at any time in the last twenty years in the Colony.\* The annual reports of the Chambers of Commerce and the periodical reviews of trade and business published by the New Zealand papers on both sides in politics tell the same tale. But the briefest and most convincing argument for disabusing the mind of anyone who may fancy that the New Zealand Arbitration Act has hampered industry is to be found in the following figures, which give the hands employed in the registered factories of the Colony for the last seven years. It may be remembered that "factory" in New Zealand means workshop, small or large, and that registration is universal.

Year.	Hands Employed
1895 .....	29,879
1896 ... ..	32,387
1897 .. ..	36,918
1898 .....	39,672
1899 ... ..	45,305
1900 ... ..	48,938
1901 ... ..	53,460

Additional evidence is found in the census returns. The

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pired, which could hardly have been the case if either side had had reason to believe those conditions onerous or in any way injurious to the trade. The fact is that the business has for many years been somewhat overdone, and in common with the shoe manufacturers in some other countries it is feeling American competition. Mr. Reeves says that any one acquainted with the history of the boot trade in New Zealand for the last twenty years will hesitate about attributing its condition to arbitration. Mr. Lloyd says: "I heard of no case in which an employer had been crippled or an industry hurt by an award; . . . The prosperity of the country is incontestable." And those statements agree with the mass of evidence in my possession.

\* "State Experiments," Vol. II, p. 137 (Sept., 1902). See also Reeves' Introduction to Lloyd's "Country without Strikes," and the letter just received from Premier Seddon (cited in a note to the chapter on the People's Trust *infra*, and in the prefatory pages of the book), which brings the testimony to continued prosperity down to our date of publication.



In reference to the charges that too many suits are brought, it must be noted: 1. That it is perfectly natural and right that a considerable number of suits should be brought in the early years of the new regime, but fewer cases will occur when the various industries have once been regulated—when the trades of the Colony have threshed out their differences, got a full knowledge of the facts, well-considered regulations, and trade boards in the principal industries as automatic regulators. 2. That an effort at settlement by private conference must always precede action. 3. That a strong tendency is already manifest to continue awards or come to reasonable agreements on the expiration of judgments without going into Court. 4. That the Court has full power to refuse consideration of frivolous suits. 5. That the cases have averaged only 3 or 4 a month, for the whole Colony; and 6, That the use made of the law proves its value and the need there was for it.

The plea that organized labor, tho accepting awards on a rising market, will not accept awards that might be necessary on a falling market, is based on the assumption that workingmen are lacking either in fairness or sense. We believe this is not true. The reason workingmen fight reductions made by employers in times of financial ebb, is that the reductions are made in the dark—the workers do not know the facts. They do not trust the capitalists and they have no means of knowing whether the drop is really necessary or only an arbitrary act of employers to enlarge their profits. The Arbitration Court will bring the real facts to light. And when the conditions of trade (by reason of a change in foreign markets or some other

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of mutuality lies in arbitration. Yet this argument, long ago exploded in New Zealand, is still used in America.

Senator Mark Hanna, who is a large employer of labor, says that "employers object to compulsory arbitration because it would be one-sided owing to the lack of responsibility of the workingmen." Unions with thousands of dollars in their treasuries and workingmen who own their homes, as a very large part of the workers of New Zealand do, are certainly not open to that objection. The Senator is president of the National Civic Federation, which was organized for mediation in labor difficulties, and has done some good work, but utterly failed in the case of greatest need—the big strike which raged for so many months in the anthracite coal mines.

The Senator says that in the recent hearings of the U. S. Industrial Commission "representatives of both employers and working people gave testimony against compulsory arbitration." I can imagine a Commission centuries ago examining into the state of public opinion on the Copernican theory or the law of gravitation, with the result that "representatives of all classes expressed themselves as strongly opposed to these ideas." Our people, as a rule, know about as little concerning compulsory arbitration as the people who denounced Copernicus, Galileo and Newton knew about astronomy.



cause of falling prices), demand retrenchment upon the clear facts, it is reasonable to suppose it will be quietly accepted. To say that laboring men will not accept retrenchment at such a time is to charge them with a grievous lack of fairness which their history does not justify. In Melbourne the compulsory arbitration wages boards have had dull times to face and have nevertheless done excellent service. There is no trouble in coöperative works when reduction is necessary, because the workers know the facts, and the whole thing is open and fair. Moreover, the arbitration habit has taken hold of the people and is likely to resist any difficulties the future may have in store. Whether prices are falling or rising, judicial decision is superior to battle, and in the one case, as in the other, the disposition for conflict is avoided by settlement before the dispute gets up to explosive temperature—the hunger for justice is appeased before the appetite for a row is developed.

#### OBJECTS OF THE LAW FULFILLED.

The principal objects of the law in Mr. Reeves' own words were: first, "to put an end to the larger and more dangerous class of strikes and lockouts"—those in which organized labor is concerned; and second, "to set up tribunals to regulate the conditions of labor." In other words the primary objects were industrial peace and justice. Both these purposes have been fulfilled—the battles of organized labor have ceased; injustices formerly suffered in silence by the workers because too weak to strike or because deterred by the cost and risk of failure in the struggle, have been redressed as well as the grievances of powerful unions; and conscienceless employers who seek profit by the oppression of labor and the use of dishonest or unfair practises in competition, have been compelled to do business under reasonable conditions, to the great relief and benefit not only of the workers and the public, but of the great majority of employers also.

#### A GREAT SUCCESS.

That the institution is a great success is abundantly proved by the record of its results and by the words and acts of the labor unions, many of the leading capitalists and employers, Parliament, the people and the press, with strong endorsements

by committees of investigation from Australia, and, clearest of all proofs of approval, imitation by neighboring states.

Employers generally were strongly opposed to the law at first, but now the great majority are favorable to it, and some of those who vigorously opposed it are now among its strongest friends.

The shipping round New Zealand is mostly in the hands of two companies: the Union Steamship Co., and the Northern Steamship Co. Both of them support the law. Mr. James Mills, manager of the Union Co. and one of the largest employers of labor in the Colony, has expressed emphatic approval, saying that the Act is "a very beneficial one and one of the most important that has been passed." Mr. Ransom, manager of the Northern, also fully believes in the principle of compulsory arbitration.

Mr. Blackwell, managing director of the largest woolen mills in the Colony, and one of the largest in the world, came before a committee of the House in 1900 to offer some suggestions on behalf of the Canterbury Employers' Association in relation to the consolidating act, and both the suggestions sent by the Employers' Association and his individual expressions of opinion were emphatically favorable to the Act. "It would be impossible to conceive of a more useful measure," said the Employers' Association, in a paragraph to which Mr. Blackwell called special attention and personally endorsed, adding, "There is no antagonism now whatever there may have been in the past."

Leading representatives of the Builders' Association at Wellington, Christchurch, and Auckland, have almost unanimously expressed approval.

In the boot and shoe business, the clothing trade and many other industries, many of the better class of employers have urged their employees to organize, and have coöperated with them in instituting proceedings under the Act in order to establish fair conditions and shut off cut-throat competition.

A prominent employer says: "Under the old system, our differences with our men had to be settled by a brutal fight. Now two committees meet before the Court, and meanwhile the industry goes on just as if nothing were the matter."

He quotes the manager of one of the largest coal companies in the Colony as declaring to him that, altho he had always

been opposed to the present Ministry, he had to admit that this law was a magnificent thing for any statesman to have done for his country.

"We know just what to count on," he said.

One of the most successful employers and capitalists in the country describes the situation of the employer under compulsory arbitration as one of "perfect comfort."

The following is from Mr. Outrim, Chairman of the Victorian Factories Commission that journeyed through New Zealand this year (1902) examining the workings of compulsory arbitration:

"We examined a very large number of witnesses from both sides, and, with the exception of one employer, there was a unanimous opinion that the principle of the Conciliation and Arbitration Act is a sound one, and that they would be very sorry indeed to go back to the old order of things.

"Our witnesses were mainly representative of large organizations—men like the president of the Chamber of Commerce, secretaries and presidents of employers' associations, and officers of the various industrial unions. They all say that it is a most beneficial law."

In 1900 when the arbitration statutes were being revised and consolidated only one representative of capital appeared in opposition to the system. The large and increasing registration of employers' unions under the Act and of workers' unions also is further evidence of the wide-spread favor the law is receiving among them.

It is agreed on all sides in New Zealand, that organized labor in the Colony is practically a unit in favor of the institution. The fact that organized labor has not disbanded or struck or withdrawn its registrations under the Act, but on the contrary continually increased its manifestations of allegiance, shows that it is getting better results than by the old method. If more could be gained by strikes and lockouts labor and capital would not be registering under the Act more and more every year. Clearly they both believe compulsory arbitration better than conflict.<sup>18</sup>

<sup>18</sup> Now and then a statement appears in the English press that the Arbitration Act has failed. This is due to generalizing from expressions of displeasure on the part of one or two parties against whom decisions of the Court has gone. A party losing a suit before the Arbitration Court sometimes makes disagreeable remarks as in litigation before other courts. Some years ago a couple of coal companies that were fined for paying less wages than the Court awarded were quite sure the law was not a good one, and stirred up all the opposition they could. Once in a while a trade-union can't see the justice of a ruling against some of its claims, and

Mr. Reeves says the trade unions did not try the law for twelve months, but they have become "enthusiastic believers in it, and the free use they have made of it has formed the chief text of the complaints made against it." Notwithstanding the pressure of many workers and employers to get their trades regulated in the early years—a mild case of clustering when the bargain counter is opened up—it is certainly far better to have a plethora of arbitration than to have an epidemic of strikes such as we are enjoying in the United States.

In 1901 after watching New Zealand's experiment six years, New South Wales sent an experienced and impartial judge of high character and ability to study the institution on the ground. He traveled all over the Colony and interviewed a large number of employers, manufacturers, merchants, corporation men, officers of labor unions, etc. (150 representative persons altogether), taking special pains to get the testimony of those who had formerly been prominent in opposition to the Arbitration Act. His report to the Government, tho a cool and dispassionate statement of facts, made so strong an impression in favor of the New Zealand system in corroboration of what was already known about it that New South Wales adopted a similar law that same year. We have room here for only a few sentences from the report. After describing at length the New Zealand system and its effects, the Judge says:

"A very large majority of the employers of labor whom I interviewed are in favor of the principle of the Act. One only did I meet who said out and out, 'I would rather repeal it and have a straight stand-up fight,' while another was doubtful whether the present con-

uses some impolite language about the Court and the law till it cools down to normal temperature. The language of trade-unionists is pretty vigorous anyway in New Zealand as well as in America. In the ordinary discussions of their meetings, one not well acquainted with them would frequently think they were abusing each other and their best friends, when they are merely debating an important question in a style they may consider patterned after parliamentary models. In one instance not very long ago a painters' union was dissatisfied with a decision of the Arbitration Court, and expressed its disapproval. Everything of this kind is bent, twisted, magnified and colored up to newspaper pitch in the English press and copied, with frills and variations, by American journals. So it has been reported that the *working classes of New Zealand* are so dissatisfied with the Arbitration Act that they are going to have it repealed. It takes a man with an expansive mind to make such a report as that out of the transient dissatisfaction of one trade-union, but a flexible modern press correspondent can do it. The fact was specially astonishing in this case, however, because many trade-unions throughout the Colony not only indorsed the Arbitration system as a whole, but have passed resolutions specifically approving the judgment of the Court in this particular matter about which the painters' union found fault. (See N. Z. Parliamentary Proceedings, Vol. 122, pp. 11-12, September 2, 1902. See also Chapter on The People's Trust *infra*.)

dition was better than the pre-existing. The first, in a letter, has since considerably modified his statement.

"The unionists to a man believe in the Act, and the non-unionists as far as my observation goes, find no fault with it.

"I found on the part of the men, none of that opposition to compulsory arbitration which is such a marked feature in England and the United States.

"The Act has prevented strikes of any magnitude, and has, on the whole, brought about a better relation between employers and employees than would exist if there were no Act. It has enabled the increase of wages and other conditions favorable to the workmen, which, under the circumstances of the Colony, they are entitled to, to be settled without that friction and bitterness of feeling which otherwise might have existed; it has enabled employers, for a time at least, to know with certainty the conditions of production, and therefore to make contracts with the knowledge that they would be able to fulfill them; and indirectly it has tended to a more harmonious feeling among the people generally, which must have worked for the weal of the Colony.

"It goes far beyond settling disputes in which, but for its provisions, there would have been strikes. It is used as a means of fixing the wages and general conditions of labor in many industries, and without doubt, will eventually be so used in all."

As a result of New Zealand's success New South Wales adopted compulsory arbitration Dec. 10, 1901; West Australia came into line in 1900 and improved the system in 1902; Victoria established trade wage boards in 1896, a plan likewise adopted by South Australia in 1900 in place of her broader but imperfect and practically idle law of '94. The sentiment for compulsory arbitration has become so strong in Australia that there is a movement now to establish a Federal Court of Arbitration.<sup>19</sup>

The movement of public opinion in New Zealand is clearly shown by the growing enthusiasm of labor as a whole, the change of the mass of employers from enemies to friends of the measure, the favorable attitude of the press,<sup>20</sup> the large majorities given the Liberal Government at each succeeding election, and the tone of the debates in Parliament.

When the law was drafted in 1891 it was considered so

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<sup>19</sup> See Appendix for Australian laws.

<sup>20</sup> The press, as a rule, approves the system, and even papers opposed to the Government have ceased to attack the arbitration law the criticism of details, especially in relation to some of the conciliation boards, is to be found in papers of all political shades. The *Otago Daily Times*, for example, the leading Opposition paper in the Colony, said, after five years' experience of the law: "It cannot be even plausibly urged that the effect of the Conciliation and Arbitration Act has so far been injurious or damaging."

strange and dangerous that even the Liberal Government thought best to wait, and the Labor Minister was not allowed to move the second reading for a year. In 1900 when the consolidating and amending act was under discussion there was earnest debate over details, but the measure itself, the system of compulsory arbitration, found no one to attack it but one member, a remnant of the old stock, who was mildly chaffed by his colleagues as the Rip Van Winkle of New Zealand.

#### CAUSES OF SUCCESS.

The success of compulsory arbitration is attributed by Mr. Reeves<sup>21</sup> to the friendliness of Parliament, the high character and ability of the presiding judge, "the exclusion of barristers" and "the absence of formality in the proceedings of the Court," which "saved it from being swallowed by a load of costs or stranded on the barren sands of technical quibblings," "the steady revival of prosperity," the high level of intelligence and respect for law in all classes, and "the determination of the public to give it a fair trial"—to which I think we should add, the care and skill with which Mr. Reeves drafted the law, the fact that the Liberal Labor fusion of farmers and workingmen had elected a Government in which organized labor had confidence, the inherent justice and virtue of Arbitration (the essential superiority of decision by intelligence over decision by force), the check-mate of the little, irreconcilable, inherently pugilistic minority by the compulsory feature, the fact that an open door to swift, easy inexpensive, common-sense settlement keeps the industrial atmosphere from rising to the fighting level or economic boiling point, and the rapid growth of an *arbitration habit* in a community where the administration of justice in labor disputes is once thoroly established.

Mr. Reeves specially emphasizes the influence of public opinion, and the services of Judge Williams, the first President of the Court. His ability, kindness, common sense, impartiality, and high sense of equity, were doubtless of great value. But there are many judges of high character and ability in every civilized country. The bench attracts and develops that kind of manhood. Under a government and in a social and civic atmosphere that is industrially reasonable and fair to both labor and capital, the judges as a rule, full of the spirit of their

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<sup>21</sup> State Experiments in Australia and New Zealand, Vol. 2, pp. 118, 150, 169, 171.

time and country, administer the law consciously or unconsciously in accord with the dominant thought around them, and the attitude of the public mind. Judge Williams left the Court in April, 1898. Since then Judges Edwards, Martin, and Cooper have successively presided over the Court, all with great success, tho the decisions are not always up to high-water mark in this any more than in other courts of justice. Full praise is willingly accorded to Justice Williams and the other excellent judges who have so well administered the law, but care must be taken not to overestimate the personal elements in the case. As Mr. Reeves himself remarks fifty pages further on: "The odds are heavily in favor of the successful discovery of fair working conditions by any impartial, intelligent, and honorable referee." It is a true system in the hands of good men. The same Justice Williams as a judge of the Supreme Court administered the laws of New Zealand before the Arbitration Act was passed, but strikes and lockouts prevailed notwithstanding. Able administrators were there as in other countries, but the law had not arrived. Men had legs and wheels and cranks a hundred years ago or more, but they couldn't pedal a mile a minute till the bicycle was evolved.\*

In reference to the influence of public opinion Mr. Reeves says: "The very nature of a compulsory act demands as a condition precedent to it, not only that reformers in a community shall desire to see it made trial of, but that public opinion shall have been educated up to wish for it too. Either labor or capital must be ready to invoke it. . . . In free countries, therefore, it is likely to have to wait until the people are sick of industrial war and the public catches at it as a relief. . . . The success of such a law depends upon its deliberate acceptance by public good sense. To attempt to force such a statute on an unwilling people would be foredoomed to disaster. No compulsory arbitration law could work for a month in a democratic and civilized community unless opinion there had deliberately declared for a thoro trial of it in labor disputes."

The fact that compulsory arbitration went into effect upon a rising market made it easier for employers to endure the substantial increase in wage rates decreed by the Court. Prosperity always smooths the way to industrial reform, tho it frequently puts the motive to sleep. It must be remembered, however, that periods of rising prices are prolific of strikes. In trade after trade labor has to fight for its share of the new profits. This has taken place in other countries, but New Zealand, the most prosperous of countries, has been quiet, while labor by peaceful means has secured a fuller share in the new prosperity than in any other commonwealth. One thing more must be noted in this connection: the extraordinary prosperity of New Zealand is in part due to the arbitration law which has given the Colony unbroken tranquility and freedom from labor conflict losses, and an industrial harmony and prevision unknown in other lands.

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\* The editor thinks someone may question this, so I state on the authority of the *Scientific American* that "a mile was made on a bicycle, paced by a locomotive, a few years ago, in a little less than a minute."

Communities form habits of thought and action as well as individuals, and it is quite as important they should form good habits. If they get the king habit, or the corporation habit, or the money seeking habit, or the strike habit, it is hard to break them into better ways. But if they once come under right conditions to acquire the arbitration habit it will last with the full resistance bestowed by the great law of the survival of the fittest, and would carry the institution over far greater difficulties than any experienced in New Zealand, just as our democratic habits and well-grounded faith in government by the people keep us true to popular sovereignty and democratic institutions in spite of boss rule, machine politics, corruption and disaster in our city governments.

The New Zealand law had enough compulsion in it to hold down the pugilistic few, and compel the mean little remnant of barbarism in the community to accept the civilized methods of settlement desired by the majority, who could therefore resort to arbitration without fear of having the resulting compact or award wrecked by cut-throat competitors or refusal of any of the parties to abide by the terms arrived at, and by the practise of arbitration under such protection could demonstrate its value.

The importance of a Government in which labor has faith, as a condition precedent to a satisfactory scheme of arbitration, is manifestly great. It would be possible to forbid strikes and lockouts, leaving the parties to select special arbitrators in each case in the ordinary way, and giving the award the force of a judgment. But such a plan could not secure the harmony, continuity, or comprehensiveness of jurisdiction and decision attained by a State or National tribunal, nor would it ensure the representation of the public interest on the boards. And if a Court is established, the Government entrusted with the appointment of the presiding judge must have the confidence of organized labor, or it will have rough sailing; and if its action is made to depend at bottom on the assent of labor as in Mr. Reeves' New Zealand law, it will not sail at all without the confidence of the workers. The absence of this faith was one of the causes of the failure of arbitration in South Australia. A compulsory law was passed the same year as in New Zealand, but it failed completely. Unlike the New Zealand law, the trade-unions were beyond the jurisdiction of the court unless they registered under the act, and practically none of them did register for the reason as they state, that they were afraid of some of their judges.<sup>22</sup> New Zealand workers had secured a Government and courts in which they had large faith, and they would have had to dissolve their trade-unions to defeat the jurisdiction of the Arbitration Court, instead of merely refraining from registering under the Arbitration Act as in South Australia.

Yet even in New Zealand, notwithstanding the fact that labor leaders and unions worked for the Bill, and in spite of the strong reasons the

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<sup>22</sup> There was no energetic desire to use compulsory arbitration. If public sentiment had demanded it the law could easily have been amended and the objections of the trade-unions obviated.



workpeople had for confidence in the Government and the large confidence they actually had for the most part, there were still grave doubts and apprehensions on the part of many in respect to the appointment of that very Judge Williams who proved so admirably fitted for the position. He had been a Justice of the Supreme Court since 1875, and his social position and antecedents naturally classed him as aristocratic and conservative, yet his impartial administration of the Arbitration Court quickly won the confidence of trade-unionists while retaining the respect of employers.<sup>23</sup> In reference to this matter Mr. Lloyd says:<sup>24</sup> "The first judge of the Arbitration Court, tho a man of the highest character and unquestioned impartiality, was still so thoroly identified socially with those who are not expected to have much sympathy with the working-classes, that the trade-unionists felt no little apprehension as to what was to be expected of his interpretation of the law. But it was he who initiated the policy of preference, and established it so firmly that it has never been departed from. Tho he was in fact what some called a 'Tory' judge, and was feared correspondingly by workingmen, he decided nine times out of ten in favor of the men; not, he said, because they were workingmen, but because they had the right of the case."

Distrust of the Government and its courts is one of the reasons why State arbitration makes so little progress with organized labor in Great Britain and the United States, other causes being that labor leaders for the most part, judging by the absurd objections and misstatements some of them make concerning it, do not give sufficient time and attention to the subject to comprehend it thoroly as the New Zealand labor leaders did, and that some of the leaders here and in England are constitutionally opposed to anything that may interfere with the battle array of labor and capital, in which they hold so prominent a position, and thus perhaps endanger their personal power and prestige as commanders in the conflict. Some of the crowned heads of Europe oppose democratic institutions and the abolition of war, some politicians oppose direct nominations and the referendum,\* and some labor leaders are human too and think of their selfish personal interests first. Most of them, however, we are happy to say, oppose judicial arbitration, we believe, from a sincere conviction that conditions are not ripe for it yet. The *election of governments fairly representing labor* as well as capital and capable of establishing impartial labor courts, *education*, and the *referendum* are the antecedents most to be desired.

#### RESULTS.

The bottom questions in this relation are whether wealth and industrial opportunity are to be distributed according to force and cunning, or according to reason and justice; whether industrial control is to rest with one factor or in a body rep-

<sup>23</sup> Reeves' *State Experiments*, Vol. 2, p. 118

<sup>24</sup> *A Country Without Strikes*, pp. 64-5.

resenting all three; and whether business is to be interrupted, production stopped, transportation paralyzed, enormous losses incurred, and animosity enkindled, through periodic labor wars and epidemics of disorder, or peace is to be established and domestic tranquility ensured.

New Zealand has taken her stand for reason, justice, partnership, peace, order, safety, harmony, economy, and domestic tranquility. She has shown that trade-unionists may be persuaded by the logic of experience to prefer court arbitration to conflict, and that the unions may grow and prosper in consequence; that the decision of a State tribunal may be as just and moderate as that of a private conciliation board; that there is no serious difficulty in enforcing its awards; that cheap, simple, swift, and effective administration of justice in labor disputes is easily practicable; that compulsory arbitration has not strangled industry nor fettered enterprise; that wages can be increased, hours shortened, and other conditions improved wholesale without injury to business but with decided benefit to it; that prosperity has not been diminished, but intensified; that the need for litigation grows less as industry after industry is thoroly overhauled and regulated by awards, the facts brought to light and the cordial relations introduced by the new system leading to agreements without suit; that many who bitterly opposed the Arbitration Act before they experienced its benefits, are now among its strongest friends; and that industrial peace can be established whenever public opinion is ready for it. State arbitration in New Zealand does not stop industry, waste the funds of unions or the capital of employers, does not ruin thrifty workmen and bring misery into their homes, does not hurt trades related to the industry under arbitration and tradespeople who have dealings with the parties concerned, does not injure the public and drive away trade to foreign countries. Strikes and lockouts and the accompanying boycotts do these things—not arbitration.

In most countries the industrial world is divided into two armed camps, from each of which occasionally comes an outburst of war. In New Zealand the organized hosts have laid down their arms. New Zealand understands the law of selfishness and the law of industrial gravitation; she frankly accepts the two irresistible tendencies of modern industry under competitive conditions, the first of which is that labor and capital

will differ, and the second that they will organize to carry their opposing points; and she encourages organization and settlement, and only insists that the settlement shall be peaceful.

One of the most important steps in the history of civilization, was the substitution of a court of justice for the primitive method of settling disputes by battle.<sup>25</sup> No civilized country dreams of allowing two individuals or two corporations to determine their difficulties by combat or persecution. Either party may cite the other into court and have the whole matter settled by compulsory arbitration. Even our States are denied the privilege of making war, and one can be called into court by a single individual. Aside from employers and employed, nations alone have full legal right to play the barbarian, and that will not last long, for International Arbitration is coming with the sanction of the civilized world behind it.

There is clearly no more reason for permitting a corporation and its employees to fight out their differences in the public streets, than to permit two corporations, or two bodies of employees to resort to conflict. Yet New Zealand, the youngest of the great republics,<sup>26</sup> is the first to extend the principles of peace and civilization and judicial justice to the settlement of disputes between employers and employed, abolish strikes and bring the wars of capital and labor to an end.

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<sup>25</sup> In *The Arena*, Vol. 29, p. 2, "Industrial Battle and the Public," I have treated this point more fully, and will quote one paragraph here: "One of the marks of civilization is the settlement of disputes by judicial decision in place of combat. In the primeval age of barbarism all difficulties were determined by battle. We have learned to use the arbitration of a court of justice for all classes of cases but two. Differences between nations and between employers and employed are still decided by the primitive method of conflict. All other cases have been swept within the circle of civilized methods. If two individuals or two corporations differ in regard to their rights, either may cite the other into court to have the matter determined by an impartial tribunal. If two States of this Union quarrel, they must go to court and not to war, because 45 States have agreed to that proposition and are ready to enforce it. If civilized nations would agree to a similar proposition in respect to international difficulties war would cease. If the people of this country would agree to judicial decision of industrial disputes, strikes and lockouts would soon be curiosities of a bygone age."

In the same article the overwhelming interest of the *Public* in the peaceful settlement of labor disputes is emphasized, and its right to insist upon settlement discussed.

Some time in 1903 or 1904 I hope to publish in *The Arena* a fuller and more systematic treatment of Arbitration on Demand than has yet appeared

<sup>26</sup> See pp. 53, 286.



## CHAPTER 59.

### COÖPERATION.

#### *Abolition of the Contractor.*

DIRECT EMPLOYMENT BY THE STATE ON THE COÖPERATIVE PLAN ;  
RAILWAYS, PUBLIC WORKS, LAND DEPARTMENT, AGRICULTURE.  
STATE LECTURES ; COÖPERATIVE DAIRIES ; STATE WAREHOUSES ;  
COLD STORAGE AND SHIPPING DEPARTMENTS.

Till 1891, the construction of public works had been carried out under the contractor system. In that year the Premier announced that this system had proved to be radically vicious, and that the Government would adopt the policy of direct employment on the coöperative plan, and the settlement of the workers in homes of their own on the lands alongside of the roads or other public works in which they might be engaged. This method has been applied to railway construction, bridges, public buildings, work on the public forests, and on the public lands, in the farm and village settlements, etc., etc.

Four or more workers unite in a coöperative group, elect a foreman, or two if they like, and take a contract for a given piece of public work. Each man in the group has an equal interest, and the men may elect a new foreman at any time they desire.<sup>1</sup> The workers obtain in this way not only a fair

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<sup>1</sup> At first the men were asked to organize in parties of about 50 each and select trustees, all the men to have an equal interest, and wages and profits to be divided equally. The plan worked well from the start, but experience showed that large groups did not work so harmoniously as was desired, and now the parties generally do not exceed 10 or 12 men, and do not probably average much over 6. Instead of trustees, the men select one or two "headmen" or foremen. The foreman receives all the money, signs the receipts, and is responsible for the proper carrying on of the work. A foreman may be removed by a majority of the group, or the Government Engineer in charge of the work may depose him, if the interests of the work demand it, and call on the party to elect another. The Engineer is also authorized to discharge any member of the group for cause. If a coöperator is ill, his place is held open, or he may send a substitute. If one stops without illness or other sufficient cause, he has no claim after the day he quits, nor can he be received back without consent of all the men in the group.

The Government provides trucks, rails, barrows, tents and tools free,

day's wage for a fair day's work, but secure for themselves also the profits that went to the contractor under the old system. Labor is put on a higher plane, for every man is a contractor and partner in the profits and the control. The expenses of superintendence are diminished, as every partner is practically an overseer watching the rest, and the drunkenness, idleness, or inefficiency of one would diminish the income of all.

Elderly, delicate or inefficient men, who found it difficult or impossible to get work with the contractors, are able to combine in coöperative groups and help each other to make whatever they may be able, without cutting down the earnings of able-bodied workers. Thus there naturally arises a sort of classification of both the work and the men, the lighter work being given to the aged and least capable, and the heavier work to the strong and able-bodied.

#### MINISTER SEDDON AND THE ABUSES OF THE CONTRACTOR SYSTEM.

The new system is largely due to the sense, energy, sympathy, and insight of the Hon. Richard J. Seddon, who was then Minister of Public Works. He found the old contractor system full of evils and abuses. If the contractor made a good bargain with the Government, he reaped large profits at the expense of labor and the taxpayer. If he made a bad bargain and became a loser, he might fail to pay his workmen or other creditors. Altho subletting was forbidden, there was nevertheless in practise a system of subletting which amounted to a sweating system of the most flagrant and baleful character. The contractors would take work at prices out of which they could not make a legitimate profit, and then sublet at sweating rates, in order to make money at the expense of the workmen. Sometimes the people witnessed the exasperating spectacle of a chief contractor making a large profit while his sub-contractors were ruined and workmen and merchants left unpaid.

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except picks, shovels, and axes. Explosives (except liquor) are also provided by the Government, but the cost is charged to the men. The cost of repairing the plant and tools is also borne by the men. The work done is measured monthly, and payment made in cash to the foreman. The hours of labor are limited to 48 per week, and the men are not encouraged to work beyond that time. (Special article in the *New Zealand Year Book* for 1894; see also *Journal Statis. Soc.*, Vol. 55, article by Sir Robert Stout.)

Another scheme of the contractors was to put an extra good man or two in each gang, pay them special wages by private agreement, and have them set a killing pace for the other men. They would also establish stores, and sell groceries and liquor to soak up the wages of the men, fleecing them of a double profit, one on the contract, and the other through the sale of goods at unfair prices, the workmen being obliged to buy at the contractors' stores either because there were no others near, or for fear of losing their places if they dealt elsewhere. Moreover the men who worked for the contractors were not permanently settled on the land, but were compelled to migrate when the work was done, and therefore constituted a floating, unsettled population. The contractor often brought men with him and others would be attracted by the news of the improvement, then the work would be finished and the district would find a threefold labor problem on its hands—its own laborers, those the contractor brought, and those who had come to the district of their own accord to take part in the new work.

Besides all this, the State received a poor return for its investment, for some contractors scamped the jobs or furnished poor materials, and the men took no interest in the work and therefore did not work rapidly or well, and the result was unfair and expensive construction. The Government was at a further disadvantage because it could not control the work—could not hasten, retard, postpone or stop it. Strikes occurred among contract workmen, keeping expensive plants and machinery idle, interfering with public business, and causing serious delay and waste.

#### ADVANTAGES OF THE COÖPERATIVE PLAN.

As fast as the coöperative system has been applied these evils have disappeared. The Government buys the best materials and the men work with new energy born of interest and responsibility. The earnings of the coöperators are much greater than the wages under the contractor system.

Many workers make 50 cents to \$1 a day beyond what they used to get, and laborers of the vigorous sort employed by the contractors (who as a rule take only the strongest men) are able to double their former pay.<sup>2</sup> Yet the work has not, in any

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<sup>2</sup> Sir Robert Stout stated in 1892 that the coöperators were making 25 to 50 cents a day more than contractors' pay. Taking common labor alone,

instance, cost the State more than it would cost by the previous method, and in nearly every case work done on the coöperative plan has cost the State less than it would have cost if let in the old way; and the work is of better quality than that done by the contractor.<sup>3</sup>

Another advantage to the State is that coöperation gives the Government complete control over its expenditure. The department can suspend operations at any time it sees fit without any liability for damages, while under the contract system this could not be done without incurring claims from the contractors for compensation. Under the old plan the expen-

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official data indicate a still greater difference. Minister Seddon reported that under the previous system the men had been receiving only \$1.12 a day, while under coöperation their net earnings averaged from \$1.75 to \$2.00 for a day of 8 hours. The figures of the Public Works and Land Departments for 1896, when several thousands of men were employed coöperatively in building railways and constructing roads and public buildings, show that ordinary day laborers earned an average of \$1.80. The average in 1902 is stated as somewhere between \$1.87 and \$2. When we remember that the cooperative averages include the earnings of groups of elderly and comparatively inefficient men, who would not have been employed at all under the contractor system, there is reason to believe that *the same class of laborers as were employed by contractors, earned under coöperation nearly double their former competitive wages.*

An engineer from New South Wales finds fault with the New Zealand system, because "inferior men are sometimes employed." He thinks it better to employ only first-class men at good day-wages, and relegate inferior men to relief works. But one of the objects of the New Zealand plan is to give second-rate men a chance. It keeps their self-respect intact, stimulates them to do their best and is no detriment to the department, for the quality of the work must come up to the standard, and being done by piece-contracts, it costs no more than if done by first-grade men in the prime of their vigor.

<sup>3</sup> In his report for 1892 the Minister of Public Works stated that "the works are carried out in a more satisfactory manner than under contract, and at no increase of cost." Several years later the Government prepared a table showing the mileage cost of railways built under contract and under coöperation, and in every case the railroads built coöperatively cost less. It is the duty of the Department's engineers to see that the work does not cost more than it would under the old system. They make the estimates on the basis of which the piece-work is offered to the men, by calculating its value at the prevailing wages for such work in the district, and adding a percentage to represent contractor's profits, keeping in mind the rule under which the Department works that the cost is not to be greater than if the construction were let on ordinary contract at fair rates; and in practise the cost generally falls below this line, sometimes very much below. For example, when the Supreme Court at Wellington was to be painted, the lowest tender from contractors was almost double the price at which work was finally done by workmen employed coöperatively.

On the point of quality the evidence is equally emphatic. "Work is better done under the cooperative than under the contract system. No attempts are now made to put whiting into the paints instead of white lead, or to introduce inferior brands of cement or iron into the works, and no walls are built dry in the center, or filled in with bats. The Government finds its own materials, so the Department knows exactly what class of material is used. These materials are carefully selected to insure their being of the best class. The workmanship put in is also of a superior kind. The men are the contractors themselves; they take a pride in their work, and have no taskmaster standing over them, finding fault with them for being too particular and taking too much pains." (Special Article in Year Book for 1894.)

diture under large contracts was bound to go on, even tho a shrinkage of revenue, or unexpected demand for funds in other directions, might make a postponement most desirable. Under coöperation the Government may carry on the work more leisurely or discontinue it altogether on reasonable notice to the men. And on the other hand it reserves the right to increase the numbers employed on any work, so that in case of emergency it may push the work as rapidly as possible.

The danger of litigation, an item of considerable importance under the old system, is practically abolished under coöperation. And the coöperative system has been found to conduce to public safety, especially in the case of the railways.

Publicity is still another advantage of coöperation. Everything is done in the daylight. Through time sheets, engineers' reports and monthly accounts, the public, the workers, and their friends may know the ins and outs of the whole system. No secrecy is possible, and none is sought.<sup>4</sup>

So the Commonwealth secures publicity, safety from litigation and labor troubles, better materials, better workmanship, and better citizenship. It does not have its work scamped, or its taxpayers defrauded, or its working classes illtreated, or the fair distribution of wealth disturbed, and it retains complete control over its own business.

The success of the coöperators is mainly due: first, to free selection—they are voluntary associates, coming together in groups of their own accord and not by the orders of a boss; second, to partnership contract, with its equality, independence, and responsibility, in place of wage-hire without share in the control, or any responsibility beyond obedience to a master; third, to pay in proportion to performance, which, added to responsibility and share in control, gives the men the deepest interest in their work; fourth, to the assurance of good pay, and the certainty of getting all they earn, secure from any contractor's frauds or bankruptcies; and fifth, to good treatment and just dealing by the Department.<sup>5</sup> As an example of the

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<sup>4</sup> Reeves, in *State Experiments in Australia and New Zealand*.

<sup>5</sup> The charge has been made in England that employment on the public works in New Zealand is often a political reward. Like many other things said in England about New Zealand, this charge is false. Political favoritism does not exist and would not be tolerated. The officers of the Labor Bureau who select the men neither know nor care what a man's opinions are. Such a thing as boycotting a man for holding Conservative opinions has never been known in the history of New Zealand's Liberal Government.

In giving employment married men have the preference over bachelors,



spirit in which the system is administered, I quote the following from the special article in the *New Zealand Year Book* for 1894, p. 235:.

"If it is shown after a fair trial of any work, that capable workmen are not able to earn reasonable rates upon it, the prices paid can, with the approval of the Engineer-in-Chief, be increased, so long as the Department is satisfied that the work is not costing more than it would have cost if let by contract at ordinary fair-paying prices."

#### PREDICTIONS AND RESULTS.

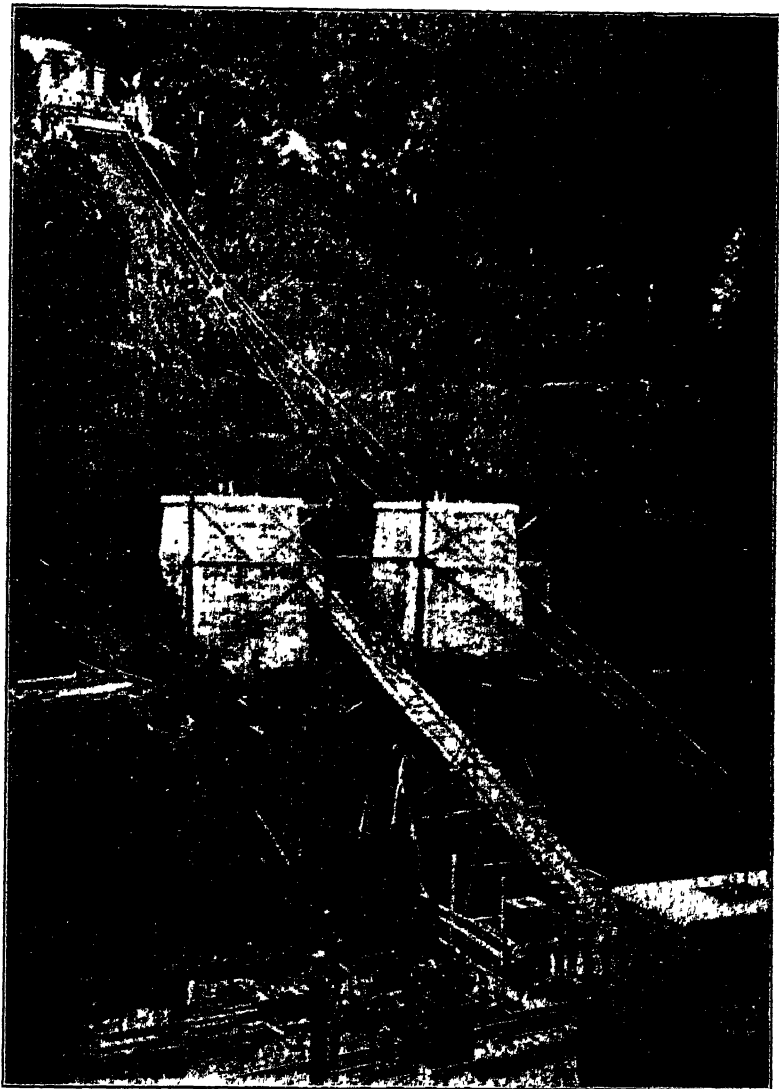
The opponents of the new departure predicted that political pressure would be brought to prevent the discharge of employees, and to make work for the sake of giving employment; that the work would prove more expensive than that done by private contract; and that the system would be found inefficient. All these predictions have proved to be mistaken, and the coöperative system has grown in favor with the Government and the people year by year.

As early as 1894 the Colony's Official Year Book said: "The bulk of the railway and road work and much of the building work of New Zealand is now carried on under the coöperative system. The method has been found as well adapted for the laying of the rails and constructing station buildings as for the earth works, culverts, etc., which were first attempted."

In 1893 Minister Seddon applied the method to the construction of public buildings. In 1896 the system was carried a step further by the application of it to the building of an iron bridge, an experiment which proved eminently successful. The Land Department has also adopted the coöperative principle: "With the exception of a few special items," says a recent Land Report, "all of the work done by the Department has been on the coöperative system." Last year (1901) as many as 5,600 men were employed coöperatively by the Public Works and Land Departments—3,000 in the former, and 2,600 in the latter.

The net results are the elevation of labor; public work of

and men living in the neighborhood over those from a distance. The personal character of the men, their qualifications as workmen, and their need, are also considered. One who has long been out of work is preferred to one who has just ended a term of public employment. Other things being equal, claims for work are determined by ballot in the presence of the men.



#### COÖPERATIVE GROUPS BUILDING THE MAHOKINE VIADUCT.

*The Liberal Government has adopted cooperative methods in place of the old contractor system. The State constructs roads, railways, stations, public buildings, and even large bridges or viaducts of masonry and iron, by awarding sections of the work to groups of men on coöperative contract. Each group of workers is a partnership electing its own foreman and dividing the profits among all the members. The result is that the State gets better work at lower cost, while the workers have risen to the dignity of partners, and make much better pay than formerly, because they work with more will and because they receive the profits, which, under the old system, would go into the pockets of a few contracting employers.*

*Mr. Seddon, as Minister and Premier, has been the leader in this movement, with the strong support of Ballance, Reeves, McKenzie and other Liberals.*

better quality and lower cost to the State; and the elimination of the contractor and his profits. The effects on character and wealth-diffusion are incalculable. Coöperation is industrial democracy in place of wage subjection; brotherhood instead of mastery.

Arch-Deacon Langley, of the Unemployed Advisory Board of New South Wales,<sup>6</sup> visited New Zealand in 1899 and investigated the coöperative system, and made a most favorable report, stating among other things, that there had been no unemployed agitation in New Zealand in the eight years that had elapsed since the adoption of the coöperative method in public works.

#### THE GOVERNMENT TEACHES THE FARMERS COÖPERATION.

The Government not only employs the coöperative method in its own business, but does its best to encourage farmers and workmen to apply the same system in their affairs.

It has set itself systematically at work to teach the people coöperation.<sup>7</sup> It distributes literature, and sends out lecturers

<sup>6</sup> New South Wales and Victoria have introduced the coöperative system of public works, and all the colonies are displacing the contractor system with direct construction by the Government.

<sup>7</sup> The State is not only the largest landlord and principal employer, but the chief agricultural teacher and adviser. An Agricultural Department, organized by John McKenzie in 1892, agricultural colleges, State farms, experimental crop and poultry stations, lecturers, literature, and loans, do the work. Thousands of farmers visit the experimental stations every year, and tons of leaflets are distributed throughout the islands, but traveling instructors and lecturers are found more effective still. Next to the dairy lecturers, the best results, perhaps, have been attained by the three fruit experts, who traverse the Colony every year, inspecting, advising, and lecturing. Every animal slaughtered is inspected, and condemned if unfit for food,—2.8 per cent of the cattle and .11 of 1 per cent of the sheep are found tainted with tuberculosis. Herds and flocks are also examined in the fields, and the flocks of New Zealand, and Australia, too, have been cleansed of scab.

Sir Julius Vogel says: "Special officers give instruction and advice to farmers with regard to dairying produce, and fruit and forest culture. A portion of the duty of other officers, such as stock inspectors, rabbit inspectors, and veterinary inspectors, is to advise the farmers how to treat stock and keep animals free from disease, and, in the case of rabbits, how to destroy them. These advisory officers have been of great assistance to farmers." (*Fortnightly Review*, 1893, Vol 59, p. 137.)

A great change has taken place in the last twelve years. Prior to 1890, it is said, in New Zealand if any one asked the Government for information on a matter calling for agricultural science, the question was sent to the Colonial Geologist. If the inquiry related to insects, the geologist took counsel of a certain telegraph clerk. If the clerk was puzzled, the matter was referred to the Registrar of the New Zealand University. Hardly a cargo of grass seed was landed that did not contain a mixture of weeds, thistles, burr, sweetbriar, cats-ear, cape-weed, sorrel, furse, and other rubbish which spread over the islands and added themselves to the farmers' worries. Animal pests also multiplied with little scientific effort for their control.

to talk to the people on this all-important subject. Coöperative dairying is the specialty. The Chief Dairy Inspector showed in his report June, 1892, that the special work of the Government was already having marked effect. He says that "New Zealand butter which last year (1891) was quoted in London at £1 10s. to £2 below the Danish brands, has during the past season been quoted at about the highest figures in the London market." It was shown that in the creameries 27½ lbs. (or 2½ gallons) of fairly good milk produces 1 pound of butter, which averages 4 cents a pound more in price than ordinary farmers' butter, while it takes 33 lbs. (or 3 gallons) of milk in the old way, with pans and skimming and the common churn, to make the same quantity, showing 50 per cent more returns from milk put into the dairy. If the dairy is coöperative these profits go to the farmers. It is the business of the Chief Inspector to visit factories and give addresses on the benefits of coöperative dairying.

If a company, or association of farmers in any locality wish to establish a creamery, the Agricultural Department will send

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The farmers did not own the Government. But now the farmers do own the Government, and it cooperates with them effectively for the suppression of animal and vegetable pests, the diffusion of knowledge, and the organization and development of agriculture, horticulture, and dairying.

New Zealand spends 50 cents a year for each inhabitant on agriculture; the United Kingdom spends 1 cent, Australia 27 cents, France 22 cents, Switzerland 18, Prussia 16, Italy 8, and the United States 10 cents.—New Zealand's national expenditure for agriculture is the highest in the world, that of the United States is the lowest among advanced nations, except England's. It is no wonder that English agriculture cannot even hold its own markets, when only a one-cent interest is taken in it by the nation. In the United States the national contribution to Agriculture is 5 cents per head of population, and the State contributions average a little less than 5 cents per head on the returns received from 33 States, including most of those making large appropriations on this line: Massachusetts spends 7 cents per capita, New York 8½, Pennsylvania 3, Delaware, Missouri, and Kentucky 1, Vermont 2, Illinois and Ohio 2½, Maine, Connecticut, Maryland, West Virginia 3, New Jersey and Arkansas 4, Virginia 4½, Wisconsin, Michigan, North Carolina 5, Iowa 5½, New Hampshire, Mississippi 6, Rhode Island, Louisiana, 9, Florida 9½, Oregon 11, Utah 13, Wyoming 14, North Dakota 40, etc.

In the United States, as in New Zealand, Government does not confine its educational efforts in this field to agricultural colleges, experiment stations, and publications, but sends out lecturers from the colleges, scientific and practical dairymen, veterinaries, experts in forestry, etc. For example, if a farmer wants to know how to make the most out of his woodland he can send word to the National Bureau of Forestry and a Government Forester will come to him, go through his timber with him, mark the trees that can be cut without injury to the forest, explain the principles of forestry to the owner of the woodland, so that he will know how to take the ripe trees that can be spared each year, and help the young growth to rapid and wholesome development, so as to get the greatest possible income from the land without diminishing the permanent value of the forest. (For an excellent account of this work in clear and simple language, see "The Government and the Woodlot," by the Chief of the Bureau of Forestry in the *Youth's Companion*, March 26, 1903, p. 147.)

an Inspector to look over the ground, and if he finds the farmers have sufficient cows and a certain amount of capital, plans and specifications will be supplied, and the Government will advance money up to \$10,000 to the company or association to help them get land, buildings and machinery.<sup>8</sup>

#### THE GOVERNMENT AS COMMISSION MERCHANT.

Coöperation does not end with the process of manufacture. When the butter and cheese are ready for shipment, the Government will receive, grade, pack, ship, and sell it. It will do the same with meat, poultry, rabbits, fruits, vegetables, etc. It supplies cold storage free; it makes advances to the farmers on their produce; sends it to the London market; sells it at the best possible terms; collects the funds, and returns them to the producers less the cost of marketing.<sup>9</sup>

Here is a Commission Merchant who gives back the whole profit to his customers, keeping only the actual expenses of the business he transacts. All the farmer has to do is to deliver his stuff at the nearest railway station. The Government with its railroads, warehouses, and shipping offices does the rest all the way to England and back.

The farmer may send his chickens, ducks, and goslings to the Department alive if he chooses, and the Government will kill, dress, grade, pack, freeze, ship, insure, sell, and remit—all according to a schedule of charges furnished the shipper in advance. The following item from a New Zealand newspaper illustrates the situation:

<sup>8</sup> South Australia, Victoria, Queensland and Canada also teach coöperation and make loans to the farmers in aid of cooperative dairies. Queensland has two traveling dairies going about the Colony instructing the farmers. South Australia has 23 State bulls of fine quality in various parts of the Colony for the benefit of the dairying centers, to which they are sent from time to time. The Australian Colonies also loan money to the farmers in the way of advances on their produce, and maintain warehouses and shipping departments to send the products of the soil to the English markets.

Queensland's Meat and Dairy Produce Encouragement plan is peculiarly interesting. Money was raised by a special tax on cattle and sheep, levied for 5 years. (1893 to 1898.) This money was used to make advances to the owners of meat works and dairy factories, to be repaid in 10 years with interest at 5 per cent. The repayments begin in the sixth year of the loan, and are made in ten half-yearly instalments. As the money is repaid the Government is to hand back to each taxpayer the amount of his contribution to the special tax. This is a good example of the taxation of a class to raise money to be used for the special benefit of that class. It is a sort of compulsory coöperation in raising and lending money for the development of a specific industry.

<sup>9</sup> See Lloyd's *Newest England* and Reeves' *State Experiments in Australia and New Zealand* for fuller descriptions of the mercantile activities of the

"The Agricultural Department has decided to make its first shipment of poultry to London in February. The Department has arranged to kill and dress all birds sent to the depots, to be established at each of the four chief ports, and it will also be willing to send them to the home market at the risk of the owners. A small charge will be made for killing, dressing, and packing. The cost of shipping the birds to London will be equally reasonable."

The grading of produce, which originated in New Zealand, was at first regarded as an infringement of private rights, but shippers soon found that it was of great advantage to get notice at once of defects in butter or other products, so as to correct them immediately, instead of continuing to ship a poor article to England the whole season, with danger of loss on inferior and perhaps unsalable goods.

Before the State went into the shipping business, the small producer was practically unable to reach the great markets of the world, because the ship-freights and insurance on small shipments were so high. But the Government gathers up the small lots and ships them as one big consignment, and so obtains the lowest possible freight rates, and the highest market prices for the farmer and fruit growers and dairymen.

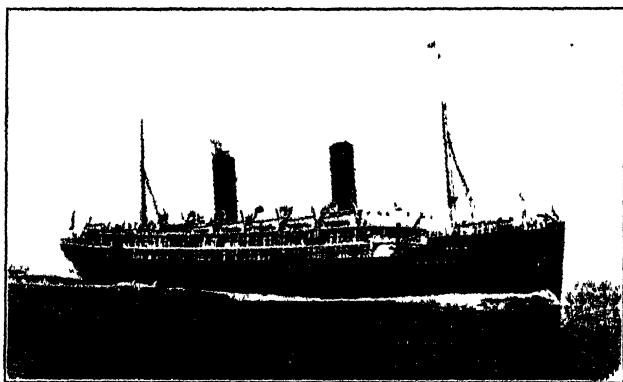
If produce sent to the Government warehouses is too poor for export, the Department will market it at home. So the farmer is in no danger of having his products thrown back on his hands a total loss.

During the summer months, when there is little export business, the cold-storage rooms are rented to butchers and produce dealers, which helps them, and enables the Government to make an income and keep its employees at work instead of closing up.

New Zealand maintains a produce agency in London, and it is proposed that the Colony should establish a Government warehouse there, and open a store in every important town in England for sale of New Zealand products. The Minister of Agriculture in Victoria recommends that all the Australasian Colonies should unite to build big stores in London, and establish produce exchanges in various parts of the city.

New Zealand and South Australia are both considering the establishment of lines of State steamships to carry their products to European markets at the actual cost of transportation. The Premiers of the Colonies favor this plan.

Premier Seddon believes that coöperation and public ownership together are able to take care of the troublesome problems of the modern industrial system. While waiting for the nationalization of the coal mines, he applied the coöperative principle with good effect by leasing a coal mine that was under the control of the State to a Miners' Trade Union to be worked by them coöperatively. And the nationalization of the mines and forests, roads, railways and steamships, telegraphs and telephones, post and express, banks, land, insurance, etc., is itself, in a true democracy, only a wider form of coöperation.



A SHIP OF THE ORIENT LINE.

England to Australasia

*Travelers may take passage on this line for the cities of Australia and New Zealand via the Suez Canal.*

## RAILWAYS FOR SERVICE.

In 1894, the glory year of land-resumption, Government loans to farmers, nationalization of credit, labor legislation and judicialization of strikes and lockouts, still another most important move was made through a vital change in the national railway policy. The Commission system inaugurated in 1887, under which the roads were put in the hands of Railroad Commissioners appointed by the Governor with the assent of Parliament, and not removable during their 5-year term of office except for misconduct, did not prove satisfactory in New Zealand.<sup>1</sup>

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<sup>1</sup> In some of the Australian colonies the Commission system has worked well. In New South Wales, for example, the Commission, while obtaining an increased profit, has not worked the railways with sole regard to profit, but in such a manner as to benefit the population as a whole. An enlightened and public-spirited Board will pursue the same policy as an enlightened Ministerial management, but if a Board proves unenlightened it is much more difficult to displace than an objectionable Minister. There is no guarantee against trouble between the Commissioners and the public, or between the Commissioners and the men. In fact, it may be that even direct management by a Government actually controlled by the people, is not proof against strikes unless the system of judicial decision of labor disputes has been adopted. But it is, far less subject to labor troubles than any form of trust management or private operation. On the one hand such a Government will be likely to accede to any reasonable demands of the men, and on the other hand the men could not hope to force unreasonable demands by a strike—the Government with public opinion back of it could easily crush a strike. Our Courts have several times taken the wind out of railway strikes by enjoining interference with interstate commerce or the transfer of the mails, and a National Legislature could annihilate striking by forbidding combinations to tie up traffic, or requiring workers to give reasonable notice before quitting the public service, under penalty of fine and imprisonment. A strike against the people's government and the people's railways would be a very different thing from a strike against a private corporation. Even the labor members in a National Legislature would not sustain, nor sympathize with, demands of the railway employees for wages or conditions placing them much in advance of the mass of workers in other occupations represented by the labor members. A well-built government *can* stop labor wars at any time it chooses. It may permit labor conflicts between third parties, but if it were directly involved and the "insurrection of labor" became an insurrection against the Government, it would be likely to exert its power and stop the strike with a vigorous hand.

The great question in New Zealand (and in Australia) has not been between public and private ownership, as all parties agree that public ownership is best, but between the different aims and methods possible in the



The Commissioners managed the roads with a view to making a good financial report. They aimed at profit. It was charged in Parliament and out of it that rates were so high that fire wood went to waste in the forest and potatoes rotted in the fields, while people in the cities were cold and hungry in the years of depression; that goods were frequently hauled more cheaply by wagon than by rail; that while rates were reduced somewhat now and then, it was done by reducing wages; that the pay of the men was cut, while the salaries of high-priced officials were increased; that boys were employed to an extent unknown before—and New Zealand does not like the spectacle of idle men and busy children; that the Railway employees were in constant agitation, while the Post-Office men, who were under direct control of the Minister, were tranquil; that in the strike of 1890, the Commissioners acted in coöperation with the great shipping monopoly and the Association of Employers, and refused to grant the request of the Railroad men for an interview to arrange terms of peace; that the Commissioners refused for years to recognize the Union of the men, and afterwards went to the other extreme of allowing a few union officers to boss the service.

In the Maritime Strike, when the wharf laborers would not unload the vessels, Mr. Reeves says:

“In Canterbury, New Zealand, the Commissioners in charge of the State railways, determined that their lines should not lose business ordered fifty of their men to go down to the wharves at Lyttelton and help to unload cargo destined to be carried on the railroads. When the men—unionists themselves—refused to leave their regular work and thus fight their brother unionists, the Commissioners instantly dis-

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management of public roads. The primary aim may be revenue or service. New Zealand has tried both and found the latter the more satisfactory. From the very first the more liberal and progressive statesmen of the Colony steadily adhered to the service principle. The main question as to method has been how much control the Parliament should retain. Before 1887 it had full control and went into detail's and routine that any board of directors, especially so large a one, would do better to leave to permanent managing officials or appeal boards. In 1887 the pendulum swung to the other extreme and the people's board of directors did not retain even the power to control the general policy of the roads. Since 1894 the middle course has been pursued of leaving detail and routine to a permanent management with broad regulations and courts of appeal, but retaining in the Minister and Parliament the full control of the railway policy. This has worked much better than either of the former plans and is probably as satisfactory as any management can be until the diminished capitalization and cost of transportation, or the organization and federation of industry, makes it possible to equalize the burdens of distance and transit throughout the Colony—an end that may very likely be approached through the zone system.

missed them. The union to which they belonged, the Amalgamated Railway Society, protested publicly and angrily, and found noisy sympathizers. Thereupon the Commissioners summoned four of its chief office-bearers before them, and gave them ten minutes to choose between leaving their society and quitting the public service. Refusing to submit, they were forthwith dismissed."<sup>2</sup>

If it had not been for the steadying influence of Ballance, Seddon, Reeves, and other leading statesmen who were known to be friendly to unionism, and who advised the men to wait, the State railways would probably have been drawn into the strike.

The Commissioners were honest, but they were simply Railroad men, running the roads to make money for the Treasury. It was a commercial system, and its managers, during their continuance in office were almost as much beyond the reach of the people as are the managers of our private roads. The treatment of shippers was almost as arbitrary as the treatment of employees. Even the public safety was not well cared for. Passengers traveled with nervous apprehension over bridges which had to be propped up, and where screws could be seen to be one-third rusted through. The Commissioners made contracts without asking for tenders, and ordered supplies abroad that could have been furnished by New Zealand firms.

Public indignation became intense. The air was full of complaints. The Commissioners were denounced as "monopolists" and "irresponsible despots." The Board was established ostensibly because of dissatisfaction with former methods, but the dissatisfaction with the direct system of management in 1887 was nothing compared to the dissatisfaction with the Commissioner system in 1893.

The abolition of the Commission was made an issue of the campaign of '93, and the people, by an overwhelming majority, elected representatives pledged to put the roads under direct control of the Minister of Railways and the Parliament, and bring the railroads within speaking distance of the people.

In 1894 this change was accomplished,<sup>3</sup> and since then New

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<sup>2</sup> *State Experiments in Australia and New Zealand*, Vol. II., p. 89.

<sup>3</sup> The vote in the House in favor of restoring the railways to the management of the elective Government was 45 to 13. A Government Railway Bill passed the House in 1893, but the Senate crossed out all the important clauses, and insisted on the appointment of another Board of Commissioners

Zealand has had real public ownership of her railways. They are in the hands of the elective Government, and that, in fact as well as in name, represents the whole people.

#### HOW THE GOVERNMENT HANDLES THE RAILWAYS.

The result is that *the roads are no longer run primarily for*

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for a year to let the matter go over the elections and give the people a chance to express themselves. Premier Seddon said. "The Railway Commissioners provoked, and almost brought about, an upheaval during the strike period of 1889-90. We, in this House, prevented the railway employees from taking part in that upheaval. The policy of the Commission is centralizing trade and population, and producing high rent, disease, and degradation. Whereas, if we had workmen's trains, the workers could go from the large centers, improved value would be given to property outside, the people would have more healthy homes, and their general condition would be improved. . . . The Commissioners increased the salaries of highly-paid railway officers without consulting or notifying Parliament. . . . There is general discontent among the men employed on our railways, and there has been unfair promotion. . . . Grave dissatisfaction exists among the employees and on good grounds, while conditions in the Postal and other State departments are satisfactory. . . . Local industries are complaining, the farmers are complaining. . . . Empty trains, and along side, traction engines, bullock drays, and wagons, carrying goods that ought to go by rail. . . . The Commission system is a failure in Victoria also, a worse failure than in New Zealand. The ruin of the Chief Commissioner, Mr. Speight, and the spending of something like \$100,000 in legal expenses in the fight between one section of the press representing the Commissioners and another section representing the people, illustrates the situation—from the whole course of this matter and the terrible disclosures that have been made during the course of the trial, any one who has followed it will see that conditions in New Zealand tho unsatisfactory, are not so bad as with our neighbors."

Captain Russell, leading the Opposition, said: "The Railway Commissioners of New Zealand had been successful—the net income had risen, the per cent of expenses had fallen from 69 to 61 [see below], salaries had been increased and rates reduced."

Sir Robert Stout declared the management of the Commissioners entirely unsatisfactory. Prevented the Railway Union from being allied with other unions. . . . Glad the Bill provides for a Board of Appeal. The men will have a chance of being heard, which, I am afraid, they have not had in the past. . . . Lists have been made of men to be punished because distasteful to certain officers of the unions, and the men on the list have been reduced by the Commissioners £100 to £150 in pay. Another list of men to be promoted has also been followed. Our railways should not be managed by irresponsible officers dictated to by a few officers of a trade-union. I have never been against trade-unions. I would give them absolute freedom and every right to unite and carry out their objects. But I do object to five or six of the head officers of any trade-union practically bossing the service. (These charges by the leading statistician and prohibitionist of the Colony, who is now Chief Justice, were denied by the Commissioners.)

Mitchelson, who had been Minister of Public Works in 1887 and largely responsible for establishing the Commission, said: "It cannot be denied that there is dissatisfaction with the railway management. . . . There always will be. . . . The Commission is a success, employees better off, speed accelerated, heavier rails, grades flattened, curves straightened, improved rolling stock, reductions in rates, commutation tickets  $\frac{1}{4}$ d. a mile first class, and  $\frac{1}{2}$ d. second class, the ratio of expense decreased from 64.86 to 62.70, the net profit per train mile increased from 2s. 6d. to 2s. 9 $\frac{1}{2}$ d." (7 cents increase per train mile.)

Morrison: "The Commissioners have introduced no innovation."

A Member: "They have reduced the rates."

Morrison: "Yes, by reducing workmen's wages, and look at the niggardly, cheseparing economy they have practiced all over the Colony. Look at our railway bridges. Bolts rusted, bridges dilapidated. One bridge had to be

*profit, but for service*, and the men are treated with the consideration due to partners in the business.

The Premier and the Minister of Railways have announced it as the definite policy of the Government, that all profits above the 3 per cent needed for interest on the railway debt shall be returned to the people in lower rates and better accommodations.<sup>4</sup>

The report of the Minister of Railways for 1899 announced a reduction of 20 per cent on ordinary farm products and 40 per cent on butter and cheese, etc. These concessions amounted to one-seventh of the receipts—equivalent to a reduction of \$150,000,000 on the yearly freight rates in the

shored up with sleepers after inspection before the officials would go back over it. The Clutha bridge, that cost \$325,000, has not been painted for 15 years. Many of the screws were found, on inspection, to be corroded 3 parts through. Other bridges, on inspection, found unsafe, entirely unfit for traffic. . . . A system of petty economies practiced for the purpose of enabling the Commissioners to show a satisfactory balance sheet. . . . Commissioners refused to reduce rates for farmers' grain in bad years."

Smith: "The railway men have grievances unnumbered—not redressed as they should be,—ignored, can't get replies from Commissioners promptly. . . . The rates are too high. The Commissioners want to say 'See how well we have managed. We have increased the profit on capital from 2½ per cent to nearly 3 per cent,' and they say that is good management. I say that is bad management, because the rates are too high. . . . We have two weak engines hauling a train up grade. Why not have powerful engines? Because the bridges will not carry them."

Hall: "Employees are ill-treated. Platelayers work longer hours than men in ordinary private employment, and their holidays are abridged to something like 3 days a year. They are treated in a way in which no ordinary employer would treat them. They have applied to the Commissioners to be relieved from some of their hardships, but the Commissioners have taken no notice of their complaints. . . . There is danger to passengers from the methods of traffic through this mountain gorge, but questions from Parliament about it have been ignored by the Commission. . . . When the Napier bridge washed away, the Commissioners hauled bales of wool to Waupakurau and left the farmers to haul it over and reship it at nearly double cost, when the railways could have hauled it 5 miles further to the bridge without trouble, and *could* have seen it all the way through. The farmers didn't appeal to the Commission. They knew it was no use. No concessions ever came from them."

<sup>4</sup>The net revenue for the year ending March 31, 1902, is 3.43 per cent on the capital cost, and large reductions and improvements are promised this year. (See below.) "The management believes it is not desirable, nor just, nor politic, nor expedient to take out of the pockets of the settlers more money than is absolutely necessary to pay the interest on the capital cost of the railways; and that, in fact, we ought to return to the settlers all profits over and above 3 per cent." (N. Z. Hansard, Vol. 120, p. 605.)

The sentiment in favor of using the railways as a means of settlement and national development, is so strong that any proposal to run the roads for profit, even so far as to provide a fund for the extension of the railway system, has no chance in New Zealand. It is thought better to have low rates and raise the money for new roads, etc., by taxation. In fact, the value to the country of cheap transportation is so highly estimated by some that they would have the roads operated below cost, or even run the railways free, defraying all expenses out of general taxation as in case of ordinary roads, fire service, education, etc.

United States. In 1900 the new Minister of Railways, Mr. Ward, announced a general lowering of passenger fares as the first fruits of his administration. "The announcement was received with cheers by the audience—stockholders in the roads."

From 1895, when the roads came into the control of the Liberal Government, to April, 1902, the reductions are estimated at \$2,350,000, an amount nearly equal to half the total receipts in 1895, and as the Minister says, "truly a stupendous amount to have been given away in concessions by way of (voluntary) reductions to the users of the State railways."<sup>5</sup>

July 8, 1902, Minister Ward in making the Financial Statement announced still further reductions amounting to \$200,000 a year, or over 2 per cent on the gross receipts last year.<sup>6</sup> An equivalent reduction in the United States would mean a

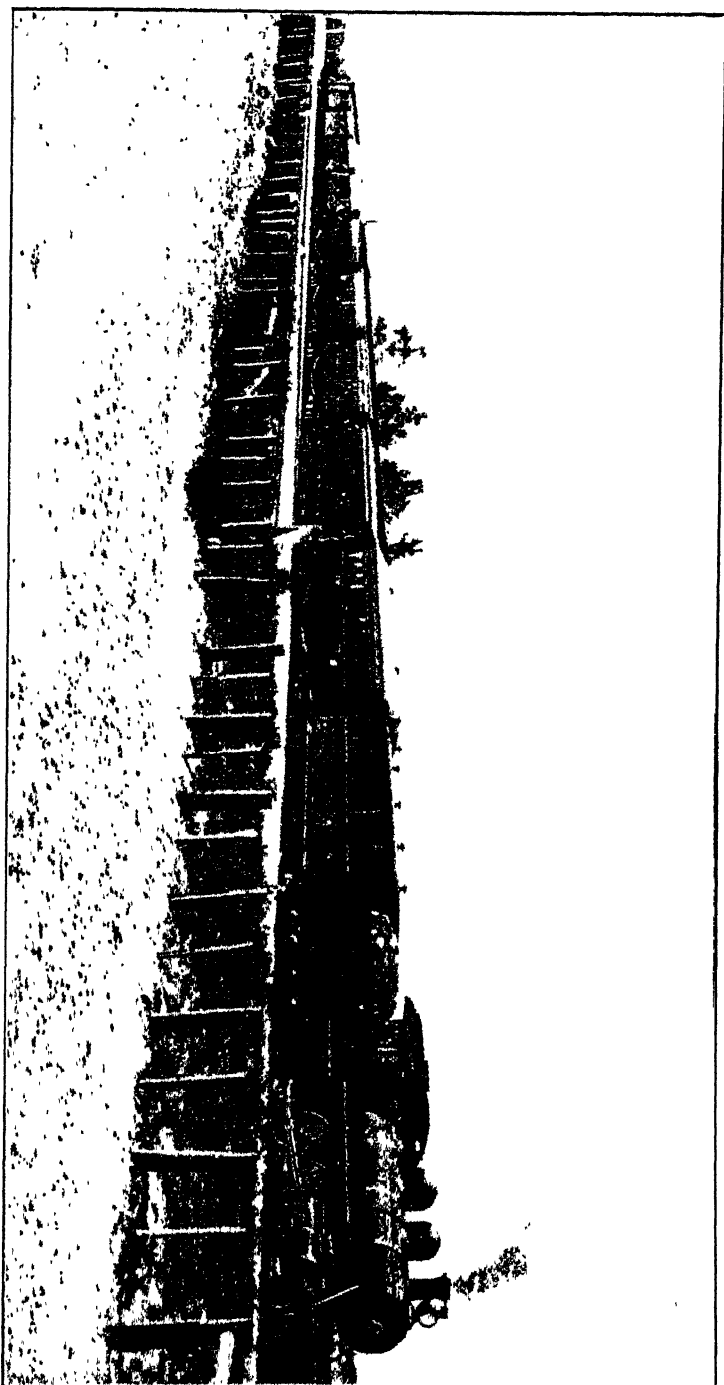
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<sup>5</sup> The Minister of Railways says that the "enormous concessions given in regard to passenger fares in the last two or three years, have increased the traffic on the railways enormously, and the results have paid the Colony, and after the returns for the coming year showed the workings of the new reductions already decided upon, he looked forward confidently to making still further large reductions in passenger fares." (N. Z. Hansard, Vol. 122, p. 16.)

<sup>6</sup> New Zealand *Hansard*, Vol. 120, p. 149. "It is with a great deal of pleasure," said the Minister, "that I intimate that the Government has decided to make further reductions this year upon wool freights and passenger fares; also in rates for small lots of dairy produce, butter, cheese, eggs, bacon, poultry, and honey; in the minimum of artificial manures from 30 cwt. to 5 cwt.; and in the extension of the period of free return of stud horses, cattle, and sheep. These concessions represent in round figures a reduction in rates of at least £40,000 per annum. The chief direction that the passenger reductions will take will be for long-distance fares. It will generally be recognized that those who wish to travel the greater distances upon our railways should have some inducement held out to them to do so; this, as a matter of business, is the correct policy to adopt. It is proposed to keep the universal system of charging that now prevails upon our railways in operation, with this material alteration: that after fifty miles the charge will be reduced both for first and second class by ¼ d. per mile for distances of 51 to 100 miles, and then a further reduction of ½ d. per mile for all distances of 101 miles and over.

"I am confident that these alterations, which are quite independent of the popular excursion rates (which will still be continued) will be appreciated by the public generally, and I have little doubt that the increased number of people who will avail themselves of train journeying will make up for the reductions of the fares at a very early date. I do not anticipate, judging by the additional traffic which the former reductions in fares have brought to our railways, that the loss in this respect will be long continued; on the contrary, I expect to see the revenue increased from it rather than otherwise within a reasonable time.

"Taking the years 1895 to 1902, I find that the ordinary passenger traffic has increased by 3,450,558 (nearly 100 per cent increase) and the season ticket business has grown 250 per cent; sheep traffic has increased by 1,204,930; goods by 1,480,786 tons; and the revenue from £1,150,851 to £1,874,586, an increase of £723,735 (3½ million dollars). The expenditure for the same period has increased £520,077. The number of employees has increased from 4,957 to 8,313. The increase of traffic during the eight years represented by the figures quoted is quite unprecedented in the history of our railways."



EXPRESS TRAIN, CHRISTCHURCH—DUNEDIN.

[The point of the fence along the railway here is not so much more than the one, that a heavy, heavy road end one to instead, it just goes, it provides a.]

concession of \$30,000,000 a year to railway users, but our roads have been increasing their rates in recent years instead of diminishing them, and the average receipts per ton-mile and passenger-mile have risen.

NO SPECIAL FAVORS FOR BIG SHIPPERS, CORPORATIONS OR  
COMBINES.

Care is taken in New Zealand that small men shall not be put at a disadvantage. The State roads carry 400 pounds at the same rate as the ton-rate or the train-load rate, and one bale of wool goes at the same rate as a thousand. No such thing is known in New Zealand as the lowering of rates to a shipper because of the great size of his shipments. A traffic officer, when asked if a man could not get a lower rate if he shipped a thousand tons, replied, "No, not if he shipped ten million!"

All the rates are made by the management openly. There are no secret modifications of the tariff. There may be a variation on schedule rates to equalize a long haul, or enable a distant mine or factory to reach the market in condition to compete with nearer rivals, but the total charge is never lower than the rate that is given to others for the same service.

THE RAILWAYS AND THE CHILDREN.

The State roads are used to advance the cause of education. Children in the primary grades are carried free to school. Older children pay \$2.50 to \$5.00, according to age, for a three-months' season-ticket up to 60 miles. This gives them a possible 120 miles a day for three to six cents, in round numbers, or 20 to 40 miles for a cent. If a child goes in and out six miles each day, he rides twelve miles for three cents.

Excursions for school children are arranged at the rate of fifty cents for a hundred miles out and back—200 miles for fifty cents, or 4 miles for a cent. For teachers and pupils above fifteen years of age the charge is \$1 for the same distance. The Minister figures that the Department loses on these trips at four miles for a cent, but he justifies the low rates for school and factory excursions on the ground that "from an educational point of view very marked and bene-

ficial results must follow," thus subordinating the lower forms of wealth to the higher. By these excursions the country children come to town, where they are received by school committees, who conduct them over museums, newspaper offices, gas works, ocean steamers, etc., and explain everything. A thousand city children see fields of waving yellow wheat reaped and bound; see orchards, forests, mountains, lakes and glaciers; look over sheep runs and cattle ranches; view dairy-farms and creameries; and learn about the country and the life of the country people. There is no educative force superior to well-directed travel, especially in youth, when the senses and observing powers, as well as curiosity, open-mindedness, and intellectual assimilation, are at their keenest.

The Railway Report for 1902 says: "School, factory, etc., and holiday excursion tickets were introduced by the Government in 1896, and have been a most pronounced success. The number of passengers is nearly double, and the revenue  $2\frac{1}{2}$  times greater than in 1896."

Books are carried by the Government to and from libraries at one-fourth the parcel rates; and newspapers, three pounds 75 miles two cents, any distance six cents, eleven pounds any distance fifty cents.

The interests of labor are well guarded. Workingmen's tickets in and out from the principal points are sold at 2 shillings a week,<sup>7</sup> or twelve rides for 48 cents, within any ordinary reasonable distance. Workmen going ten or twelve miles out, as many do, travel about 3 miles for a cent, or a 4-cent fare each way. The roads are used at cost or less to redistribute the unemployed and to settle the people on the land. The Railway Department works in harmony with the Labor Department, and men are carried to points where their labor is needed, and, if necessary, their fares are advanced, and they may pay them back to the Government from their earnings when they are able.

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<sup>7</sup> They must go before 8 a. m., but may return at any time. On an ordinary suburban run a week's travel, in and out each day, starting after 8, costs 4s. 6d. (\$1.08), so that the concession to the working people is a 55 per cent deduction. Any one, whether a worker or not, may buy the 2s. weekly tickets, but the concession was made for workers, and is chiefly used by them, the 8 o'clock proviso practically limiting it to them. Last year (1901) the Department sold about 50,000 of these weekly suburban tickets.



In time of depression the Government makes special efforts to provide work on the railways. Instead of building too fast in the boom-times and helping to produce a panic, it reserves its construction, so far as reasonably possible, for seasons when men are in need of employment. By so doing it not only aids labor and the general prosperity of the country, but it gets its roads built more cheaply than if built in busier times and on the upward slope of the market.

Another plan to assist the working-people, in which railways have a prominent part, relates to the abolition of the contractor, and the substitution of direct employment under the coöperative system already discussed in a preceding section.

If the railway employees have any grievance, the Arbitration Court stands ready to redress it whenever the men choose to use their privileges under the Arbitration Act; or they may rely on their own special Railway Appeal Boards.<sup>8</sup> Each of the two boards (one for the North Island and one for the Middle Island) consists of three members, one appointed by the Governor, one chosen by the officers, and one elected by the men. Every railway employee has a right to vote for a member of the Board, and to bring any question before it in regard to dismissal, reduction of wages, or any other matter that comes up between him and the management. Three appeals against decisions of the Railway Department were heard last year (1901) by the Appeal Boards; and the men were successful in two of the cases. Railway employees in New Zealand do not have to remain silent in case of grievance, nor do they have to take their complaints before a superintendent or manager independent of them and opposed in interest to them.

The railway force is thoroly classified, and appointments and promotions are made under regulations calculated to secure efficiency and give merit its deserts. There is an educational qualification, and every applicant for a place on the railway must produce his school certificate. He cannot get a job, even as a laborer, unless he gives evidence of a reasonable education. Examinations must be passed for promotion. Other things equal, promotions are made with regard

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<sup>8</sup> See chapters 57 and 58.

to priority and length of service, but an able man may be jumped over his inferiors, if they are not well fitted for the work that has to be done.

Since 1896 the Government has given the men a considerable increase of pay, amounting in some cases to over 60 per cent of the former wages, as shown in the following table:

Pay of Railway Employees.

UNDER ACT OF 1896				UNDER LAW OF 1901			
General Manager	£800	a year		£1000			
Chief Engineer	650	"		700	rising by annual increments to	£1250	900
District Traffic Managers ..	500	rising by annual increments to	£550	600	"	"	625
2d grade .....	425	"	475	520	"	"	575
3d grade .....	325	"	400	425	"	"	500
Locomotive Engineers .....	400	"	450	600	"	"	625
2d grade .....	325	"	375	520	"	"	575
3d grade .....	275	"	300	425	"	"	500
Firemen .....	7s 6d	a day rising to	9s d	7s 6d rising to			9s d
Brakemen ..	8	"	8 6	9	"	"	10
Signalmen .....	7	"	8 6	7 6	"	"	8 6
Shunters ..	7	"	8 6	7 6	"	"	9 & 10
Labourers .....	6 6	"	8	7	"	"	8 6

Old-age pensions and special railway superannuation and relief funds for retirement on part pay upon incapacity, relief in case of sickness, aid to family, etc., help to ease the lot of the railway workers.<sup>9</sup>

The farmers' interests are carefully considered by the railway management, as indeed they should be, since the farmers are the principal stockholders of the roads and the most important element in the Commonwealth. Lime and certain fertilizers and animals specially useful to farmers, are carried free. Skimmed milk is returned from the dairies free. Many other things are carried for the farmers at exceptionally low rates. In the farmer's busy season work on the railway is slackened, so that men can go to the farms in the harvest time when extra hands are needed there.

A few years ago a snow storm of unusual severity occurred in Otago, destroying a very large number of sheep. The loss was so great that many of the ranchmen were threatened with

<sup>9</sup> See chapter on Old-Age Pensions, and legislation of 1902, *Railway Beneficiaries, infra*. The Department report for 1902 says: "The sum of £2,240 (\$11,200) has been paid as compensation and compassionate allowances to members retired from the service and the relatives of members deceased during the year."

ruin, but the railway rates on sheep were reduced to allow the farmers to restock their runs at very low cost. In this way the Department not only rescued the settlers, but also saved the Land Department from heavy losses through the probable inability of many of the damaged farmers to pay their rents. And even the railways, tho the Minister thought they would lose, did not suffer by the transaction, for the increased traffic more than made up for the lower charges.<sup>10</sup>

Walker, a keen observer of conservative tendencies, says: "The railways are worked, so far as consonant with national interests, for the direct benefit of producers."

In the case of private railways usually a few men secure not only the profits of transportation, but those which come from a rise in the value of land along the railways.<sup>11</sup> New Zealand keeps these, so far as possible, for the people, and it is a most important source of public wealth. It is estimated that every dollar spent on the railways gives twice that amount in the increased value of the land. The rise of value resulting from the building of new roads is frequently much greater than this. The Official Year Book for 1901 discussing the Public Works Policy of 1870 and the Government railroads, says: "The effect on the whole has been to increase enormously the value of landed property; land which before the construction of railways was valued at £1 to £2 per acre, having been subsequently sold at prices varying from £10 to £20 per acre."

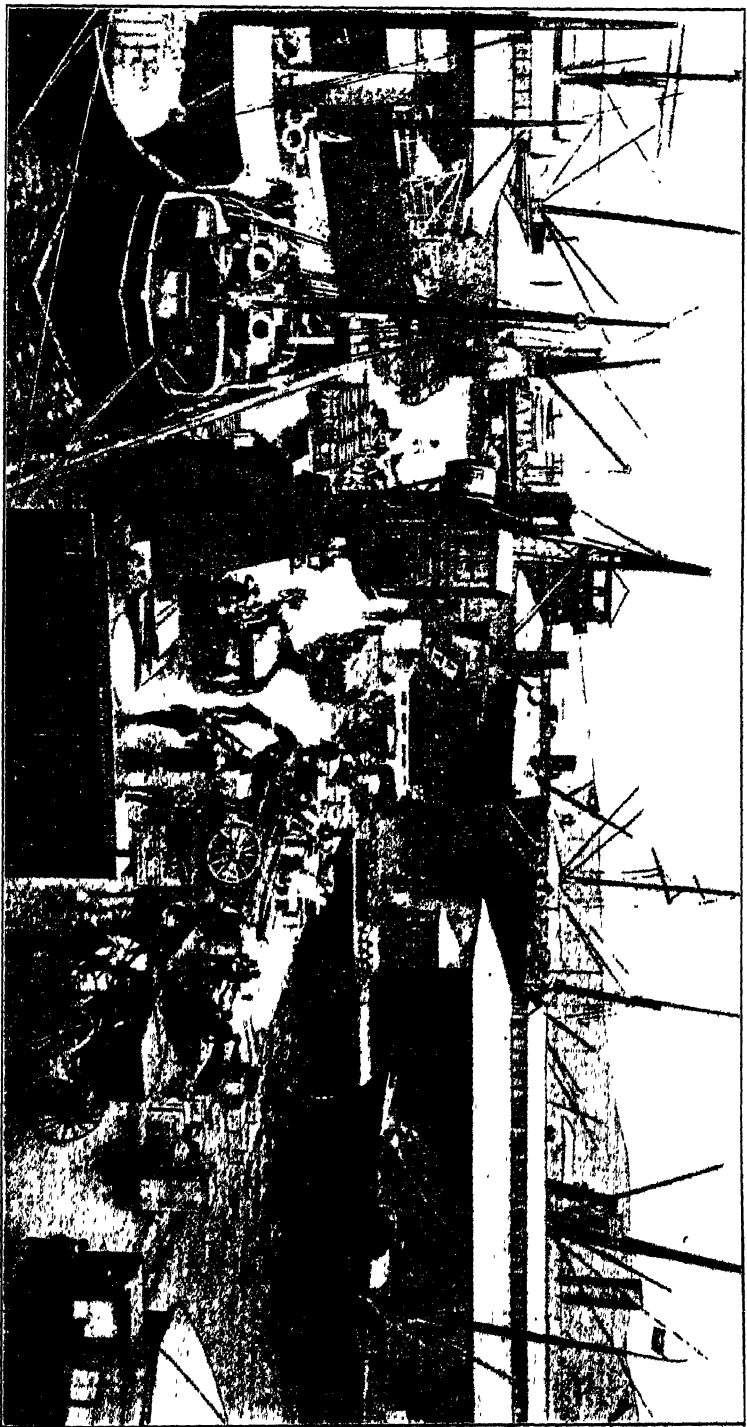
Private roads must have immediate profits, for the stockholders want dividends and want them now; but public roads can spend for years more than they receive, and yet their owners may obtain ample returns, not merely from the educational, political, and social advantages of the public system, but through the development of their industries and the increase of general values.

When the people want a new railway in any part of the

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<sup>10</sup> Lloyd in *Newest England*.

<sup>11</sup> This was the case in New Zealand to a large extent as to land values till recent years. But now the land around new stations, about which towns and cities are likely to grow up, is held by the State for future lease or sale after the rise of value following the railway development has been realized.



WELLINGTON WHARF.

country they petition the Minister, and pledge their representatives in Parliament to work for it. If the Minister approves he introduces a bill, and if Parliament approves, the road is built. Parliament acts on the initiative of the Minister, and he acts on the initiative of the people.

Log-rolling among members to get new lines, political pressure by Representatives to get jobs for their friends, manipulation of roads to favor individuals or sections of the country, the solid railway vote keeping a corrupt administration in office forever, and other difficulties hypothetically attached to Public Ownership by its opponents, have not materialized in New Zealand, and are not likely to manifest themselves to any serious extent where the *Government*, as well as the railroads, is really owned and operated by the people. Where political rings and bosses are in control these evils are very likely to occur, but where the common people have actual control the administration is practically sure to be honest. Even under the Commissioners in New Zealand there was no dishonest management.<sup>12</sup>

There has been no political corruption and no trouble with the patronage. There are no passes for politicians and their friends, and no discriminating freight rates, or low charges for persons with a pull. Even the Oil Trust could not get a rebate in New Zealand. The crimes against honest trading, and the still greater crimes against honest legislation, which have been such serious elements in the railway problem in the United States, are wholly unknown in "the New Republic of the South." New Zealand has never paid dividends on watered railway stock, nor excessive interest on bonds. The roads have cost about \$40,000 a mile, and the rates are fixed so as just to cover expenses and interest.

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<sup>12</sup> Writing of the railways of Australia and New Zealand under the Commissioner system, in the *North American Review*, Vol. 169 (1899), p. 883, Mr. Lusk, former member of Parliament in New Zealand, says: "There has never been a suspicion of undue influence brought to bear, by parties or by Governments, on the officials of the colonial railroads; it has never been alleged that the service was used as a means of adding strength to an administration, or that its offices were filled with partisans. The system pursued practically prevents such a thing. The Commissioners make appointments, but, once appointed, employees can only be removed for cause, and can demand a trial before a commission of inquiry when suspended for alleged cause. The result has been efficient service."

Mr. Lusk elsewhere says of the New Zealand roads: "The Government of the day can neither procure the appointment or dismissal of a railway official of any grade, from a station master to a laborer."

The present civil service regulations and Appeal Boards afford as high a guarantee of efficiency under the Minister as under the Commissioners.

There is a strong sentiment in favor of adopting the zone system, which has proved so successful in Austria-Hungary and Russia, and which, it is claimed, was proposed in New Zealand by Mr. Vaile long before its adoption in Europe, but has not been tried in its birth place yet, owing apparently to the fact that the inventor's demands and peculiarities make it very difficult for the authorities to reach an agreement with him. The Railway Minister and many members of Parliament have declared themselves in favor of giving the system a trial with both goods and passenger traffic under conditions that may be easily met.<sup>13</sup> And the management is making gradual approaches to the zone system, or applications of the principle involved in it, through uniform excursion and commutation rates over considerable areas, and the division of the whole passenger traffic, in connection with the recent reductions for long-distance travel, into three stages corresponding with the distance zones, (1) within 50 miles, (2) from 50 to 100 miles, (3) beyond 100 miles.<sup>14</sup>

In 1895 the Government took over the Midland Railway, the principal private system then remaining in the country. The length of the Government lines open for traffic March, 1902, is 2,235 miles. In addition to this, there are 88 miles of private railway, namely, the Wellington and Manawatu Railway, 84 miles, and the Kaitangata Railway Company's line, 4 miles.

Accidents are few in New Zealand, the care for safety being greater than the average with us. But the service is inferior to ours,<sup>15</sup> as is the case all over the world both in private and

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<sup>13</sup> See chapter on "What Next?" *infra*. On the other hand, the people in some sections are complaining because the excursion rates from points ten or twelve miles out, are the same as for twenty-four miles.

<sup>14</sup> See note 6

<sup>15</sup> The road-bed, the rolling stock, the speed, and the general conveniences of travel are not up to our best standards, which is due partly to the absence of any such enormous traffic as that which passes between our giant cities creating a revenue that justifies a splendid outfit, and partly to our mechanical superiority over all the rest of the world. New Zealand has recently imported a number of Baldwin locomotives and sixty-three passenger cars from the United States. With traffic increasing 60 per cent in five years (100 per cent in passenger business and 50 per cent in freight) the Government shops have not been able to keep up with the demand for rolling stock. They are being enlarged to meet the increasing need of the Department. Within the last two or three years the Westinghouse brake has been fitted to the rolling stock of the North Island, and the Middle

public systems. Other factors than ownership determine the energy and efficiency of transport. The private management in Italy is the worst I have ever seen, and the public management in Germany the best, outside the United States—in some respects better even than ours. In the line of machinery and transportation we lead the world. But it is agreed on all sides that the service of the Government lines in New Zealand is much superior to that on the private roads, and the same thing was true when the private lines in the Colony were much larger than at present. Neither public opinion nor Parliament would consider for a moment a proposal to sell or lease the Government railways to private capitalists on any terms whatever. On the contrary, the movement is toward the absorption of the remaining private lines. There has been for some years an increasingly powerful public sentiment in favor of

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Island will be supplied in the next three years. The interlocking gear, and the electric train-tablet have been introduced at a number of stations and are being vigorously pushed. July 2, 1902, the Minister stated to Parliament: "The money expended for these purposes has gone in the right direction, and I am of opinion that to completely equip the rolling stock with a brake of the power and efficiency of the Westinghouse will result in great economy in the working of our railways. The first consideration, however, and one that I place above all others, is the insuring, as far as human foresight and effective means can do, the immunity of the traveling public from accidents."

Foot-warmers are being supplied for use in the chilly months (May, June, July, and August), 1,000 being added this last year, and heating furnaces are being built at various points with the view of furnishing all the passenger cars in the Colony, both first and second class, with these foot-warmers. This plan of heating, which is so much in vogue in Europe, strikes an American traveler in a very funny spot. But it answers quite well in such a country as New Zealand, where the distances are moderate, and the climate so mild that the trees can keep their leaves the year through.

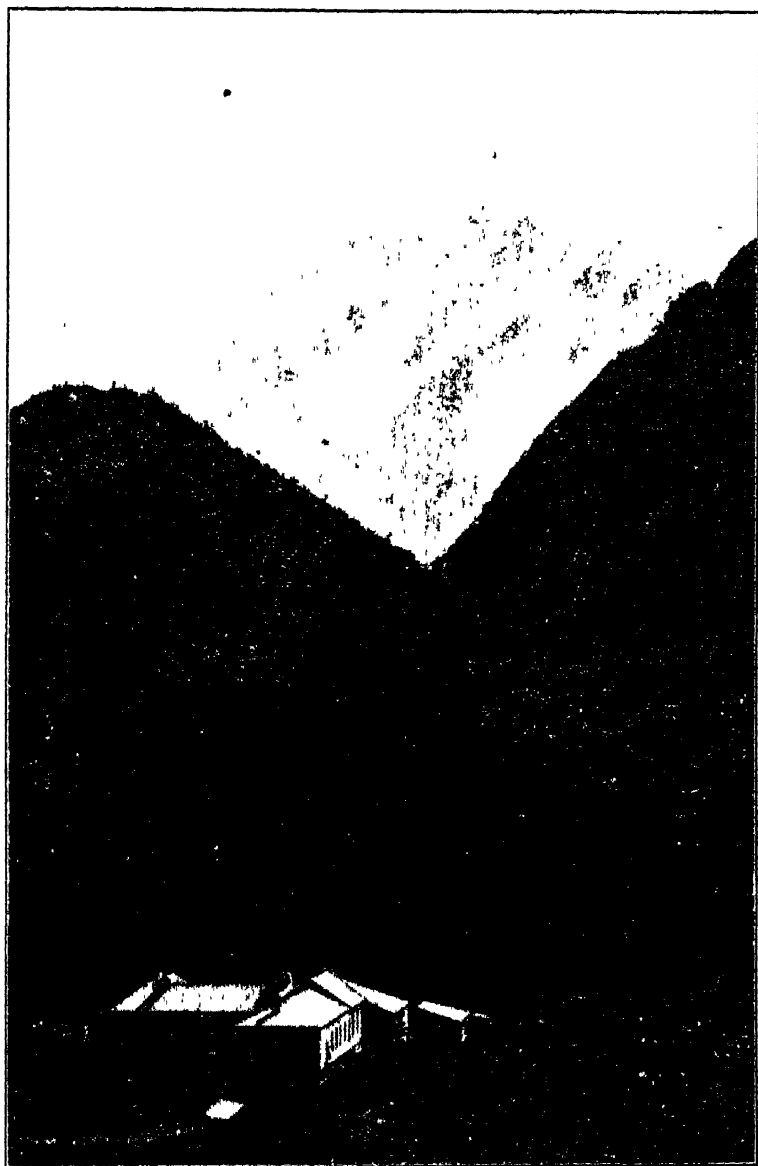
Second-class coaches are also being supplied with cushions. As the bulk of the passengers, four-fifths at least, travel second class, the fact that their cars have just begun to get cushions and warmth, might be thought to indicate that the people are very economical and easily suited, or else very primitive. We must remember, however, that many of our people ride long distances first class in trolley cars without cushions or heat, and find them more wholesome than the enervating upholstery and stifling heat of many of our railway coaches. Mr. Acworth, the great English railway authority, gave me a sound talking to on the latter point, when I extolled our railway service in a conversation in London some months ago; in fact, he impressed the matter so deeply upon me that I can hardly breathe right in a heated car since I came back.

For promptitude and progress New Zealand shows a good record. The policy of further separation of freight and passenger services, acceleration of trains, and provision of further facilities, wherever the business warrants it, has been vigorously carried out in the last two years. The time record (1902) for the principal trains shows the average late arrivals as follows:

	Minutes.	Minutes.
For long-distance passenger trains .....	1.16	against 1.70 last year.
For suburban trains.....	.55	" .90 " "
For long-distance mixed trains.....	1.24	" 1.90 " "

This includes delays from all causes, and is an excellent record.

Both Liberals and Conservatives in Parliament are agreed that the Minister of Railways is exceedingly enterprising in his management of the railways.



THE HERMITAGE AND MT. COOK.

*In connection with the State railways the Government has a Tourist Department with some inns and sanitariums at points of great interest to travelers. One of these favorite resorts is the "Hermitage," near Mt. Cook, in the middle of the Southern Alps, which run along the western coast of the Middle Island. Mt. Cook is a snowy summit, two and a half miles high, and when the sun shines on its crown of snow and ice, it forms, like Mont Blanc in Switzerland, a glorious high light in the landscape that can be seen for many miles.*



State operation of the Wellington and Manawatu Railway, the Chambers of Commerce and the municipal and local authorities of the districts through which the line runs, urging the people to demand the purchase of the road by the Government. The purchase was provided for by Parliament<sup>10</sup> in November, 1901, but the stockholders did not agree to the terms and the negotiations have fallen through for the present. But it is likely they may soon be successfully resumed, so that even this small remnant, or rudimentary survival of private management, may disappear in the near future.

The building of new railways to open up the country more completely to settlement is going rapidly forward, and the construction of through trunk lines in both islands to secure more direct and rapid transit between the chief points, is being pushed with special vigor by the people's agents.

Perhaps the most interesting of all the novel phases of railway management in New Zealand, is the sort of semi-perpetual cross-examination of the head of the Department by the people's representatives in Parliament. The House acts as a board of directors watching the management. "When will the new station at Dunedin be completed?" asks a member. "Will the Government try the zone-system in the Auckland district?" asks another. "Will the Minister consider the advisability of issuing excursion tickets in the winter, good for three months, so that the dairy hands and farming community may travel at excursion rates in their dull season?" "Will the Department further reduce the rates on sheep?" "When will foot-warmers be put in second-class cars on the Wellington and Napier line? I understand they have been furnished in the Middle Island, and my constituents want to know if they are going to have them in their district." "What has been done with the £400,000 of railway bonds authorized last year?" "How much are the coöperative workers on railway construction making now?" "Why do the

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<sup>10</sup> An Act was passed in 1900 authorizing the Governor to enter into negotiations for the purchase of the Manawatu Road, the terms to be subject to the approval of Parliament. The arrangements were made, and November 8, 1901, a law was passed providing for the purchase of the Manawatu line on specified conditions, some of which were as follows: 1. Consent of the majority of the stockholders. 2. The price to be such as might be agreed upon by the Governor, not exceeding £951,845. This limit figure was based on the value of the company's assets (roadway, rolling stock, and other tangible property), which were reported to Parliament as amounting to £904,365.

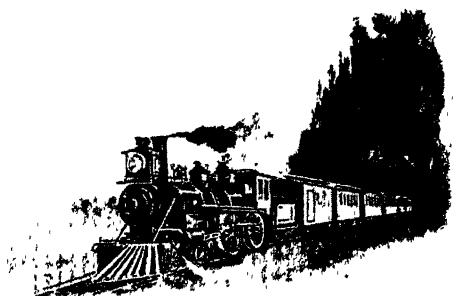
machinists in the railway shops get less pay and work longer hours than other Government employees?"

The Minister answers all questions. The facts are given to the Representatives and to the people. The whole management is open to the daylight. Any organization or individual in any part of the country may, through his Representative, ask the Minister a question and get at the facts. The sense and conscience of the House and of the people are playing on the railway management almost the whole year through. And if anything is not right Parliament has the power, and being the people's Parliament has the motive also, to fix it in accord with the public interest.

Imagine our railway managements subjected to such a cross-questioning and such control! What a scattering there would be in the railway offices, and among the shippers, too, if the daylight were turned on the railway tariffs and interlocking interests. What a melting of our Millionaireshood would transpire if the railway managers were working for the people, instead of for themselves and little groups of speculating stockholders. But it could not be done in America yet, for the common people do not own the Government.\* That is the first condition. So long as industrial magnates may control the Government they can control the railways either directly or indirectly. In New Zealand the common people own and operate the Government and are therefore able to have the railways managed in their interest.

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\* The essence of ownership is control. If railway kings, trust magnates, and industrial princes, with the aid of unscrupulous politicians, control the Government in whole or in part, to that extent the Government is owned, not by the people, but by the monopolists and politicians. The initiative and referendum, giving the people effective and continuous control, is essential to render public ownership of the Government certain and secure.



## CHAPTER 61.

### PASTORAL TENANTS' RELIEF.

Sympathy is one of the remarkable characteristics of New Zealand's public life. Her statutes and institutions are rich with its light. We see it in the public trust office; in the effort of the insurance department to save a man's insurance when he is unable to pay the premium; in the remission of taxes and rents in needy cases; in the old-age pensions and the labor laws; everywhere a gentle forethought for misfortune, and a fraternal helping hand. Even the pastoral tenants or run holders, with whom the people were so long at war, have been treated by the Progressive Government with the greatest consideration. And we must give a few paragraphs to an act of brotherly justice and far-sighted wisdom in relation to these tenants.

In 1895 an unusual snow storm killed large numbers of sheep in the mountains, and caused serious loss to many run holders. The matter was brought up in Parliament, and the Government considered what it could do for its tenants and other sufferers. The result was that, October 31, 1895 (early in the New Zealand spring), an act was passed for their relief. It said: "Whereas, in certain high-lying parts of the Colony exceptional loss of live stock has been caused to persons engaged in pastoral pursuits by the unexampled severity of the past winter, and in particular by the heavy falls of snow; and, whereas, it is expedient in exceptional cases to afford some measure of relief to the sufferers," therefore the remission of sheep rates and the remission or refund of the whole or any part of a year's rent were authorized. The land boards, after inquiring into the facts of each case, could remit rents or extend the leases at reduced rentals. The tenants paid interest at 5 per cent on the rents and sheep rates remitted. Run holders not tenants of the State could also claim the remission of sheep rates. The result was the saving of many ranchmen from ruin and the avoidance of great indirect loss to the community.

The leveling of accidents, and diffusion of the burdens of misfortune, so that they shall not fall with crushing weight upon any innocent individual, is a principle of the deepest justice and common sense that is finely illustrated by this act of relief, as well as by insurance and old-age pensions. It is hard to see any reason why the people should not use their government as a means of mutual insurance and protection against all sorts of accident and loss not caused by the fault of those who need relief. The principle is repeatedly recognized in the laws of New Zealand.



A NEW ZEALAND RANCH.

## CHAPTER 62.

### LOCAL RATING ON UNIMPROVED VALUE.

#### THE SO-CALLED "LOCAL OPTION ON THE SINGLE-TAX," IN REALITY A PROVISION FOR THE INITIATIVE AND REFERENDUM ON A MODERATE LAND-VALUE TAX.

A few years ago it was heralded through America that New Zealand had adopted the "Single-Tax." That was not quite true, but it was true that the General Assembly gave local authorities, towns, cities, counties, road districts, etc., the option to substitute for their local property taxes, a land-value tax of equal amount.<sup>1</sup>

On petition of 25 per cent of the ratepayers when the number on the roll does not exceed 100, or 20 per cent if the number is between 100 and 300, and 15 per cent if the total exceeds 300, delivered to the Mayor of a borough (city or incorporated town) or the Chairman of a county council or ordinary town or road district, a poll of the ratepayers must be taken not less than twenty nor more than twenty-eight days after the said delivery, in the same manner as in the case of a proposal to raise a district loan.<sup>2</sup> The rates on unimproved

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<sup>1</sup> "Rating on Unimproved Value Act," 1896. The abolition of the property-tax for State purposes discussed in a former chapter, did not remove the local property taxes. A law authorizing the local rating of land values was part of the policy of the Ballance Government that passed the progressive land and income taxes of 1891-2, and a bill to confer the power on local bodies easily passed the House. The Senate, however, offered a much more obstinate resistance to the rating bill than to the other, and threw it out for three successive years, the last time by only one vote. Not until 1896 was it allowed to become law, and then only in the form of a permissive measure of the mildest sort. The bill passed the second reading in the House, Sept. 2, 1895, by a vote of 43 to 12. (N. Z. Hansard, vol. 90, p. 158.)

<sup>2</sup> By the original act at least one-third of the ratepayers must record their votes or the poll would be of no avail. But now under the "Local Government Voting Reform Act, 1899," the question of adoption is decided by a majority of the valid votes recorded, whatever number of votes are cast. In the case of a referendum vote on a loan proposal, a three-fifth majority of the taxpayers voting is required. (Local Voting Reform Act, 1899.)

value may be so adjusted as to produce as much as, but no more than, the former property rates.<sup>3</sup> If a local authority has a rating power up to  $\frac{3}{4}$ d in the pound on the capital value of its property, then it can levy any rate in the pound on the unimproved value of the land in its district, so long as the producing capacity of such rate is no more than that of the  $\frac{3}{4}$ d rate on property values.<sup>4</sup> A rate of 1 shilling in the pound on the annual value is deemed equivalent to  $\frac{3}{4}$ d in the pound on the capital value.

If a town or city or other district establishes the land-value tax, it cannot go back to the property-tax for three years; then it can be repealed in the same way it was adopted. An equal period must pass after the rejection of the measure at the polls before it can be presented again.

The act does not apply to water, gas, electric light, sewerage, nor hospital and charitable-aid rates, nor affect the receipts from land sales, rents, licenses, etc. The total receipts of local bodies in 1901 were \$12,390,000, less than a third of which represented the property rates for which land-value taxes may be substituted. Aside from the income from public works, however, about two-thirds of the revenues appear to come within the classes for which the land-tax may be adopted.

#### A NUMBER OF MUNICIPALITIES HAVE ADOPTED THE LAND-TAX.

Down to our date of publication, out of 456 towns, cities and districts to which the act applies, the cities of Wellington and Christchurch, twenty-three towns, and about forty smaller districts, or 65 local bodies in all, have adopted the land-value rating; while Auckland city, six towns, and one county—8 districts in all have rejected it. The vote in Wellington was 1,261 for, to 591 against the substitution of the land-value tax for the property-tax. In Auckland the record was 1,697

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<sup>3</sup> Under the rating Act of 1894 and preceding acts, local taxes are to be levied in some places on the "rateable value" of the real property in the district, and in other places on the "capital value" of the realty (lands, buildings and all improvements). "Capital value" is the value of the fee-simple. "Rateable value" is the rent at which the property would let per year less 10 per cent in case of lands and hereditaments, and 20 per cent in case of buildings and fixtures. The rateable value must not be estimated at less than 5 per cent on the fee-simple. A dwelling or other building unoccupied for 6 months (either in one stretch or in several vacancies) during the year, pays only half rates.

<sup>4</sup> Excluding water and gas rates, which do not belong in this discussion of taxation.

against, to 753 in favor. But in most cases the majorities were overwhelming for the land-tax. Palmerston North Borough, for example, 402 to 12 in favor; Stratford County, 399 to 23; Fielding Borough, 268 to 56, etc., etc.

It is too soon yet to tell what the results will be, but the experiment will be watched with interest. Like the substitution of a land-tax for the property-tax in the National revenues, it means the relief of improvements, a new stimulus to industry, and a new burden on speculation and monopoly.

#### EFFECT UPON THE TAXES.

The average local tax in the boroughs (cities and towns) is a little less than 10 per cent of the annual values (rental values) of property (land and improvements) as assessed. The average tax in the rural districts amounts to but 6 per cent on the annual value of property as assessed.<sup>5</sup> To raise the same revenue by the land-tax, would require, in the cities and towns, an average rate of about 20 per cent on assessed annual land values, and 9 per cent in the country, which would mean the taking of 16 per cent of real ground rents in cities and towns, 7 per cent in the country districts, and an average of 10 per cent of the yearly land value rentals of the Colony.<sup>6</sup> In other words, if all local authorities were now under the local land-tax act, they would be taking in taxation about one-sixth of what the ground would rent for in cities and towns, one-

<sup>5</sup> See the New Zealand Year Book, 1902, pp. 290, 292, 300, 435, for the data.

<sup>6</sup> The elements of the problem are—assessments estimated to average four-fifths of real values; land values in the cities and towns are a shade under half the total property values (land and improvements), 23 to 48 being the average for the boroughs; land values 65 per cent of property values outside the boroughs, and 60 per cent for the whole Colony; and a little less than a third of both land and property values are in the boroughs.

The statutory rule for assessment is 10 per cent under real value for land and 20 per cent below for buildings, etc. But the margin is often wider. Some comparisons laid before Parliament a few years ago, show the difference between the tax valuations and the prices asked for the properties, which, however, were probably somewhat too high.

Location of Estate.	Tax Value.	Price Asked.
Auckland .....	40,765	120,635
Hawke's Bay .....	104,545	125,457
Wellington .....	2,097	3,500
Marlborough .....	41,245	50,125
Canterbury .....	76,297	104,494
Otago .....	30,869	47,940
Southland .....	56,076	75,000
	<b>357,894</b>	<b>527,151</b>

fifteenth of real ground rents in the country, and one-tenth of the "annual-unimproved-land-value" (or ground rents) for the Colony as a whole.

A few specific illustrations will show how the law works in the cities, and in small towns. Wellington has been collecting 10 per cent on assessed annual values of property for general and separate and special taxes. The land-value is to property value (land and improvements) as 5.1 to 9, so that 16 per cent of the rents will provide an equal revenue. Christchurch collects 15 per cent on property, has land-values a trifle less than half the total, and will therefore need something like 25 per



THE CHRISTCHURCH SHIPPING POINT, PORT LYTTTELTON.

*Christchurch with its suburbs had a population of 57,000 by the census of 1901.  
It is one of the four largest cities in New Zealand.*

cent of the actual land rents. Auckland collects 11 per cent on property, and the assessed value of the land is over half the total assessed values, so that 18 per cent of land rents would do if she concludes to adopt the land-tax. Dunedin collects 10 per cent on property, has assessed land-values a little below the halfway mark, and so would need 17 or 18 per cent of real land rents. Melrose (3,000 population) is collecting a land value tax equivalent to 10 per cent on assessed annual land-values, or about 8 per cent of her actual land rentals. Pahiatā (1,200 population) and Karori (1,200) collect a tax amounting



to 16 per cent on assessed annual land-values, or 12 per cent on rentals. Greymouth (3,750) collects 22½ per cent on assessed land rents and Woodville 18 per cent, but the margin between assessment and real values may be larger in these towns than in other cases. I have been told by New Zealanders living in the country and acquainted with affairs in the smaller places, that assessments in some localities are only about one-third of the actual value. Palmerston North (6,534 population) collects 9 per cent of assessed land rents, or perhaps 7 per cent of real rents.

The local land-tax is paid by all landholders, large or small, and without deduction of mortgages or allowance for leasehold covenants. The latter omission has caused some difficulties that have led to a call for amendment. For example, the tax on a property in Lambton Quay, Wellington, went up from £29 15s in 1901-2 to £71 6s for 1902-3. The chief value is in the land, and the tax therefore is greatly increased by the new law. The trouble is, that under the covenants of the lease, the lessee must pay all the taxes, so the landlord still gets his ground rents, and the occupant is mulcted. In another Wellington case the tax on the annual property value for 1901-2 was £46 3s, and on the unimproved value for 1902-3 it was £99 17s, and the lease has six or seven years to run. In another case in the same locality the tenant of a brick building with eight years more of lease finds his taxes raised from £37 to £62. Other instances show ascents from £16 17s to £23; from £13 5s to £23 7s, etc., etc. It is proposed to change the law so that the increase of tax in such cases will be borne in part at least by the landlord. The tax is intended to hit ground rents, and the law should be so worded that the tax will be payable out of rentals, not out of tenant's profits from business or income from personal exertion.

While the *averages* work out to very mild results, the effects upon *individuals* are sometimes decidedly uncomfortable. If there is no building on the land, or one of very small value, the new method just about doubles the tax the owner or occupant has to pay. Market gardeners, for example, in city districts, are in some cases, it is claimed, practically ruined by the change. On the other hand where there is a building of high value on the lot, so that the ground value is only a small part of

the total, the taxes are much lower now than under the old system.<sup>7</sup> This puts a premium on high buildings and costly improvements, and it also tends to overcrowding.<sup>8</sup> No doubt the New Zealanders will gradually mold the law, as they have in so many other instances, till it avoids the difficulties revealed by experience, and accomplishes the purposes of its adoption which were: (1) To distribute the burdens of taxation more equitably; (2) To take part of the unearned increment for public use; (3) To stop speculation in land and especially the holding of idle land by absentees waiting for labor and capital in the Colony to develop new values for them.

#### LIMIT OF MUNICIPAL TAXATION, AND THE TOTAL LAND-TAX.

Two other important points remain to be considered: the effect of the tax at the limit of municipal taxation, and the effect of the local land-tax in combination with the State tax.

Under the municipal law a city or town may levy general

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<sup>7</sup> The average rate of taxation is ordinarily about doubled for the city or town as a whole, but the rate is paid on half the former values on the average, so that the *general* result is the same as before. But a particular owner, the value of whose property is five-sixths improvements and only one-sixth land-value, will pay a double rate on one-sixth in place of the single rate on six-sixths and gets off with one-third of his former tax, while an owner whose land-value is five-sixths of his total will pay two-thirds more tax than formerly.

<sup>8</sup> On the third reading, Sir Robert Stout protested against the measure, saying it would "allow millions and millions of property to escape taxation—owners of banks, merchants, warehousemen, etc., would only have to pay about half the local rates they pay now." The curse of Wellington is that the streets are too narrow and the buildings too many per acre, and this will make men still more economical in the use of land, and more prodigal in building. He was in favor of exempting improvements on farms, but not in cities.

John McKenzie declared that Stout was opposing what he had said years before (1878), when the Government of which he was a member introduced the first land-tax; that the trouble in Wellington was that the vacant spaces were held by speculators—that's what crowded the buildings and this bill would help to make it unprofitable to hold land out of use—"this is the third time the bill has passed the House, for it will pass, and the country has endorsed it."

Mr. O'Regan, the leading Single-Taxer in the House, said: "The present system fines a man for improvements. The just principle of the land-tax is that the unearned increment of land, being created by no individual, but by the whole community, necessarily belongs to the community."

Mr. Earnshaw said: "This bill is a plank in the labor platform of Dunedin. If ever there was an application of the single-tax it is in this bill. It is purely a single-tax so far as local government purposes are concerned." (See to the contrary, the text and the appendix, especially the manifesto of the New Zealand Single-Tax League.) "The workingman will find that his land will fall in value. We are going to give enormous concessions to aggregated wealth, and on the other hand those who have bought land are going to have a confiscating tax put upon them."

Parliament was not frightened by these exaggerations, the bill passed the third reading by a vote of 41 to 7 (N. Z. Hansard, vol. 91, p. 79), and the Legislative Council passed it the following year.

and special rates up to 15 per cent of assessed annual property values, equal on the average to a little over 30 per cent on the assessed annual land-values, which would mean about 25 or 26 per cent of real ground rents in the urban districts. That is, about a quarter of the annual rentals attributable to unimproved land-values—a quarter of what the ground does or would actually rent for, is the limit of the law under present conditions. As improvements become a larger part of the total property values, the fraction of ground rents that may be taken in local taxes will grow somewhat larger.

The combined effect of State and local land-tax is as follows:

#### State Land-Tax *plus* Local Land-Tax

The ratios for the two upper groups represent the condition of things in the average community after its adoption of the local land-tax; the third group shows the effect upon the whole Colony if the local land-tax were adopted by all local authorities

		Average Per Cent of Real Ground Rents Taken by the Land-Tax		
		State	Local	Total
Six-sevenths of the landholders	Small farmers .....	0	7	7
	Small holders in boroughs .....	0	16	16
One-seventh of the landholders	Middle-class farmers (\$2,500 to \$25,000 ..	6	7	13
	Middle-class owners in cities and towns ..	6	16	22
	Average for large owners subject to the graded-tax .			
	In the country .	10	7	17½
	In the boroughs. ....	10	16	26
Totals for all classes in the Colony	Excluding the graded-tax .....	4	10	14
Percentage of the whole actual land value of the Commonwealth.				
Including the graded-tax .....		5½	10	15½

The graded-tax is really a penalty on monopoly and not a land-tax *per se*, but is included for completeness. Even if the Government valuation of land were taken as full value, instead of four-fifths value, the totals for the Colony without the graded-tax would be, in round numbers, 5 per cent, 12 per cent, and 16 per cent.

If the local land-tax were adopted throughout the country, the small farmers would pay in taxes (all local) about *one-*

*fifteenth* of their ground-rents, instead of the one-twentieth they pay now under the property-tax; the middle-class farmers would pay *one-eighth* of their land-value rentals—about half to the State and half in local taxes; and the rich agricultural owners would pay on the average *one-sixth* of their ground rentals, one-tenth to the State and the rest to the local authorities. In the cities and towns small holders exempt from the State tax would pay an average of *one-sixth*, middle-class holders a little over *one-fifth* (one-sixteenth to the State and one-sixth to the municipality), and large land owners would pay a *quarter* of their rents (one-tenth to the State and one-sixth to the city or town). The average for the whole Colony would be about *one-seventh* of the ground rents taken in taxes—4 or 5 per cent by the State and 10 per cent by local authorities.

If the boroughs should tax to the limit of the law, small holders in cities and towns would pay a *quarter* of their ground rents, the middle class *nearly a third*, and rich landlords a *little more than a third*, including the State land-tax.

At the limit of the graded-tax, and under the highest local rating authorized by the law, if there were such a case, the millionaire landlord would pay *nearly half* the rental value of his land in State and local taxes.

#### RELATIONS WITH THE SINGLE-TAX.

It is manifest that the statement of some opponents of the local land-tax in New Zealand, and some Single-Taxers in other countries, that the local rating law of '96 was an adoption of Henry George's "Single-Tax," is incorrect. Even with the State tax the great mass of landholders would only pay 7 per cent of their ground rents to public use, while those in the cities and towns would not average over 21 per cent with present revenue requirements, or 30 per cent at the limit of municipal taxation—a long way from the George idea of taking 90 per cent of land-value rentals, especially when we remember that over two-thirds of the land-values are in the country districts with the 7 per cent land-tax, or one-thirteenth of the distance to the Henry George plan. While it is clear, however, that there is a wide margin between the George single-tax and the New Zealand land-tax, it is nevertheless equally clear that

considering the *possibilities* of larger taxation in municipalities, bringing the total land-tax up to an average of something like a third of the ground rents, the law does go a considerable distance toward what is desired by the more moderate Single-Taxers nowadays. When we return from the possibilities to existing facts we find that only one-seventh of the local bodies have yet adopted the Act, and that where adopted, the local land-tax plus the State land-tax, takes on the average about one-fifth of the whole rentals due to land-values.

While New Zealand is not in sympathy with the full single-tax program, as shown by her internal revenue duties, her graduated income and inheritance taxes, and her exemption of all small owners from the State land-tax, which fundamentally distinguish the New Zealand system from the Single-Tax, as fully explained elsewhere,<sup>9</sup> yet it is apparent that the Colony has taken a leaf out of the unearned increment philosophy; is in full harmony with much that is best and most important in George's teaching; and is ready to put it in practice so far as she finds it safe, practicable, and just to do so. She is not willing to take the whole dose, but will take rather more than a homeopathic taste of it. With two of her largest cities under the land-tax and two under the property-tax, she has an excellent chance in the next few years to tell whether the medicine is good or not.

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<sup>9</sup> See *Taxing the Monopolists*, and Appendix.



*Venturing Out.*

## CHAPTER 63.

### EXTENDING THE USE OF THE REFERENDUM.

New Zealand uses the Referendum to a considerable extent in local affairs. Not only is the status of the liquor traffic determined in each district by a local option vote, and the form of local taxation made to depend on the Initiative and Referendum, but all loans desired by local bodies must be decided on by Referendum. In State affairs the admirable system of direct nominations, questioning and pledging of candidates, and unpartisan balloting, gives the people so real and direct a control over the Government that they have not so much need of direct legislation in its more definite forms as they otherwise would have. Every election is a sort of referendum,<sup>1</sup> and the main issues are very fully discussed, so that the men elected know pretty well what the people want in respect to the chief questions raised in the campaign, and the general policy of legislation to be pursued. In case of disagreement between the Ministry and the House followed by dissolution of Parliament, the issue goes to the people in a very direct and vigorous

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<sup>1</sup> It is a common thing in the New Zealand Parliamentary procedure for measures to be brought forward by the Ministry, or by private members, with the idea of securing a discussion that will awaken and direct public interest, and then let the matter go over the next election to feel the pulse of the people. It is a common thing also for members speaking on measures that are being pushed for passage during the current session, to declare that so important a bill should go over the elections, so that the people may have an opportunity to express themselves upon it before it is enacted into law. Examples of this occur in the debates on the Public Works Act, 1870, the Representation Act, 1880, the Land Acts, the Woman Suffrage Bill, the Liquor Question, etc., etc. In the debate on Proportional Representation, in 1889 (New Zealand Hansard, vol. 64, p. 257), W. P. Reeves said: "The people have had no opportunity of expressing an opinion upon it. It may be said that the same objection has been raised whenever a bill has been brought in which has not been the subject of discussion at the elections. But there are bills and bills. This is a bill which strikes at the root of our whole electoral system, and we have no more right to pass it without having first consulted the electors than we have to grant female suffrage or sell our railways" without consulting the people.

The point is not always raised in the way of objection by any means; it is often made by those who strongly favor the measure under discussion, but think the voice of the people should be taken on it.

manner. Nevertheless, the mixture of issues incident to ordinary elections, and the possible non-conformity of legislative bodies to the people's will, especially in case of the appointive Upper House, make a fuller provision for the Referendum very desirable.<sup>2</sup>

Several times a Referendum Bill has been introduced in Parliament, and in 1901 the measure was pushed by the Government and passed the House by an overwhelming majority,<sup>3</sup> but was rejected in the Senate by a vote of 29 to 1. In spite of the shortening of the term of Senators and the infusion of new members the appointive Senate is not as liberal as the elective House, tho it must in fairness be noted that the Senate stands in a specially delicate relation to this bill, since one of the questions likely to be referred to the people under its referendum provisions, is the question of abolishing the Senate itself. This year (September, 1902) the Liberal Government has again pushed the Referendum, and it has passed the second reading in the House by a vote of 45 to 10.

The New Zealand bill as amended in 1901 in Committee of the Whole and introduced by the Government in 1902, provides for a referendum: (1) In case a Government bill introduced by message from the Governor, is passed in two successive sessions by the House, or by the Senate, and is each time rejected, or neglected, by the other chamber, or amended in a way the passing chamber does not agree to, so that the bill is lost; (2) In case any other bill introduced by the Government or by a member, is lost by the double-distilled deadlock just explained, and the House declares for a referendum on the measure; (3) In case a bill passed by both

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<sup>2</sup> The movement for the referendum has considerable strength, not only in New Zealand, but in most of the Australian colonies. The Governments have supported the measure vigorously, but wherever it has passed the Lower House it has been rejected by the Upper House. The Commonwealth Act provides for the submission of Constitutional Amendments, but the movement in the States is mainly an effort to substitute the popular vote for the Second Chamber which seriously disturbs legislation in all the colonies. In New Zealand the movement is much broader than this, tho the deadlocks between the two Houses is an important element in it.

<sup>3</sup> The growth of sentiment in favor of the Referendum is shown by the votes of successive years. In 1893 the vote in the House was 33 to 20 against the second reading of the Referendum Bill; in 1894 it was 24 to 19 against, with Premier Seddon, W. P. Reeves, Ward, Cadman and other Liberals against it; in 1895 the vote was 28 to 14 against it; while in 1901 the vote was 44 to 13 in favor, with Premier Seddon pushing the measure, and most of the Liberals with him, and in 1902 the vote is 45 to 10 for the Referendum with the Government again favoring its enactment.

Houses contains a provision that it shall be reserved for a referendum; or (4) In case a resolution is passed by both Houses in favor of submitting to the people any legislative proposal set forth in such resolution. If such proposal is approved by the referendum, the Government must within 10 days after the commencement of the next session, introduce a bill to give effect to the proposal. If a bill submitted to the people is approved by them, it shall be regarded as a law passed by the General Assembly under the Constitution Act.

If a bill or proposal is negatived at the polls the question is not to be submitted again for 3 years, "unless 10,000 citizens demand it" by the initiative<sup>4</sup> and the above provisions are again complied with. The referendum vote is to be taken on a day appointed by the Governor not less than 28, nor more than 90 days, after the session, and at a general election if one occurs between those dates.

Premier Seddon suggested that "the referendum might be taken through the census." Mr. Pirani proposed (in 1901) that the poll might be taken through the post-office to save expense and permit the workingmen to vote without losing a day's work, or any part of a day. Premier Seddon opposed this as dangerous tinkering with the ballot. "In the House," he said, "I reckon 75 per cent of the members are in favor of the Referendum, and 90 per cent are opposed to interfering with the ballot system." The postal amendment was lost three to one.

#### REASONS FOR EXTENSION OF THE REFERENDUM.

(1) One of the arguments for the Referendum most insisted on both in New Zealand and Australia, is the need for some means of overcoming the obstruction of the Upper House. It is said that even the principal issue of a campaign has not always been settled by the vote of the people, the Upper

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<sup>4</sup>Mr. Ell (1901) said this recognition of the Initiative was insufficient; the people should have a right to demand a poll on any question, whether it had ever been submitted before or not. The submission should not depend on that, or on a disagreement of the Houses, on a resolution of Parliament, but on the option of the people. And he moved an amendment establishing a 5 per cent popular initiative, but it was lost 40 to 9. This year (1902) he has given notice that he will move an amendment for the initiative on petition of 25,000 voters, the total number of voters who will be on the rolls at the coming election being estimated at about 400,000. Another Liberal, Mr. Arnold of Dunedin, thinks 15 per cent should be required for an initiative petition.



House in some of the colonies refusing to pass bills even when the people had declared for them. Year after year, as Premier Seddon declared in the Referendum debate of 1901, the Legislative Council, or Senate, has turned down legislation desired by the people and passed by the House of Representatives, and there is at present no way of over-ruling its vote except the clumsy plan of packing the Upper House with new appointments. The Referendum offers a just and simple method of checkmating the Senate, and averting any deadlock between the two Houses. (2) Even in the Elective House there is often a serious difference of opinion as to what the people wish and the interests of the country demand, and it would be very helpful to the Representatives to have a means of ascertaining the will of the people clearly and definitely on important questions, such as National Prohibition, the Elective Executive, Proportional Representation, Preferential Voting, Abolition of the Senate, or making it elective, and other burning issues enumerated by Premier Seddon and other members of Parliament. (3) The directness of the Referendum as contrasted with the confusing mixture of men and measures in ordinary elections, has been specially emphasized in the New Zealand debates.<sup>5</sup> You get an expression of public sentiment on each

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<sup>5</sup> In the debate of Sept., 1902, in the House, Mr. Steward said. "The practical necessity for a bill of this sort is presented to us in a very marked way just before going, as we are now, to the public platform for a general election, because there are a number of issues upon which it is supposed the public will be returning an answer at the general election, and because there are so many of these issues presented that it is impossible to define, from the result of the election of candidates, what was the decision of the electors regarding each of these particular points. For instance, we have had a number of petitions before this House asking for the abolition of the totalisator. That is a matter upon which the electors would like the opportunity of expressing their opinions, and I do not see how they can possibly do it except by a referendum, such as is suggested in this bill."

In the same debate, Mr. Ell said: "There are questions such as Bible-reading in the schools, and the abolition of the totalisator (a method of gambling), which are burning questions. Now, we are here legislating for the people. We wish to carry out the will of the people, but how do we know under our present system what the will of the people is upon any particular question? We have no means of judging absolutely. A candidate, or two or more candidates, stand for a constituency. One of them proposes a certain number of reforms which he considers would be for the good of the people, and another candidate holds another set of views with regard to reforms, and the elector has to select the candidate who, in his opinion, advocates the best set of reforms; but the candidate he selects may not represent him with regard to the totalisator, the elective executive, the constitution of the Upper House, whether it should be an elected or a nominated body; but he may represent him with regard to land-settlement, and other matters. No member can claim to represent the people in his constituency upon all questions. That is an inherent defect in our system. I think we should give the people an opportunity of expressing their opinion upon particular questions."

Mr Hanan said. "With the referendum, you focus the opinion of the

specific question by itself, without entanglement with other issues, or with personal considerations respecting candidates. In fact, as a rule, public opinion on any disputed matter cannot be known with certainty in any other way, for in every election the character and personality of candidates are important factors exercising a determining influence on the result, and usually there is also a plurality of issues to further obscure the specific opinions of the people. (4) The Referendum greatly simplifies the election of representatives. So far as the people may vote directly upon important issues it becomes less necessary to consider those issues in the election of candidates, and the attention of the voters can be fastened on the character, ability, and general policy of candidates with little or no interfering cross-currents from their attitudes on Bible-reading in the schools, abolition of the Council, or other specific referendal issues. Quoting in substance from a Liberal Member in the recent debate (September, 1902): "If you have the Referendum in existence, you are able to withdraw from the conflict of a general election some of the disputed points which might otherwise tend to distract attention from the broader or more vital issues of the campaign. Take for example the question of prohibition, or Bible-reading in the schools, or the totalisator; these are three subjects upon which many persons would probably be disposed to fight altogether independently of political color. Now the effect of a Referendum on any of these subjects, would be to practically withdraw that question altogether from the vote of the people in connection with the larger issue as to what should be the general policy and make-up of the Government in the future." And if the people have a right to demand the Referendum on a specific issue, a similar tendency to remove the question from the consideration of candidates and the choice of representa-

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public on one subject; public opinion is concentrated on one point, that is, the particular question referred to them, and consequently there is no mistaking their opinion, or will, in regard to it." (N. Z. Hansard, vol. 122, pp. 574, 575, 585.)

The Government commission in Victoria reported: "The Commission are strongly impressed with the advantages of the referendum. It provides a simple method of obtaining an accurate expression of the popular will on any question."

For the discussion of the Referendum in Switzerland see Sullivan's "Direct Legislation through the Initiative and Referendum," and for the Referendum Movement and its rationale in the United States, see Parsons' "Direct Legislation" (Equity Series), Pomeroy's "By the People," and "D. L. Record;" and Oberholtzer's "The Referendum in Use in America."

tives, is the result. (5) The Referendum acts as a check on hasty legislation. (6) It would have a strong educational effect. The people would take a still keener and more intelligent interest in politics if they voted on specific measures. (7) It is simply the proper recognition of popular sovereignty, the right of the people to direct their agents and control the Government and the making of the laws. It is essential to continuous, complete, and effective government by the people. (8) It improves and strengthens representative government by making it more truly representative. (9) The very existence of the power will have a strong influence on Parliament, making both Houses more sensitive to public opinion, and so avoiding in many cases any necessity for an actual Referendum. (10) The bill is not perfect—it should give the people the initiative, and the right to demand a Referendum on measures passed by both Houses in the ordinary way—the option of requiring a referendal vote should be in the people as well as in the Parliament, but as an earnest member said, “if we get the Referendum on the Statute Book we shall affirm the principle, and the law can be amended and improved from year to year till it covers the ground.”

#### A COMPOSITE PHOTO OF OBJECTIONS TO THE REFERENDUM.

The opponents of the measure declared that the people were not able to judge of legal enactments. It would be absurd to present bills to the people, for lawyers were the only persons who could understand the laws. The reply was that it might require much talent to frame a law, but not so much to tell whether it was good or bad after it was made. Many most important questions were already referred to the people, the whole policy of the Government with all the legislation of a Parliamentary term was submitted to the people in a lump at each election. It could not be more difficult for them to decide on one measure by itself than to pass judgment on the whole work of a Parliament. Moreover, if the people were to choose representatives they could decide on measures, which were much less complicated than a man containing numberless proposals, bills, and amendments, and unlimited possibilities of good and evil.

The opposition said that the expense would be too great,

and the annoyance of the people unnecessary. The people had no time or inclination to bother with specific bills. A general election was a referendum on all leading measures, and that was enough. Under this bill "the people can only record their votes on the whole bill; they have no means or form by which they can suggest amendments or improvements."

In the Legislative Council the main objections were that the bill was "a slur on the Council," and that "under the Referendum the Council itself could be abolished." In the House this was not regarded as an objection, but rather as an argument for the bill. Other objections were that the Referendum was "unworkable and impracticable." The people were not to be trusted; "They might alter the constitution of the Legislative Council," said a member, "or abolish it, which I should deem a lamentable alteration in our Constitution, or they might do other things I would not approve."

"I know of no bill that ever comes before this Assembly for which I have a greater contempt than the Referendum Bill," said a vigorous member in the House debate a few weeks ago; "it is absolutely and completely subversive of everything in the shape of representative government.—It is simply casting away our own responsibility in a cowardly fashion. It enables us to avoid ticklish subjects. We say, 'Oh, we will pass this on to the people and let them take the responsibility.' If this is to prevail what is the use of sending us here at all. We had better throw up our constituencies, and have so many wooden men placed here to record votes. It is cowardly, sir, in my opinion."<sup>6</sup>

Another member said, "New Zealand is in the van; it leads all the Australian Colonies; let well enough alone." The reply was that "New Zealand should *keep* in the van by taking the lead in the adoption of the Referendum." Captain Russell declared that the Referendum was a "conservative measure," and had so proved in Switzerland, yet he opposed it with all his force tho he is the leader of the Conservatives. "You wouldn't get a decent man to sit in either House," said another. "Appeals to passion would be used," and "legislation would be passed without discussion." "It provides that the tail should wag the dog"—the Legislature being the dog and the people the

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<sup>6</sup> Carncross of Taieri, N. Z. Hansard, Sept. 24, 1902, vol. 122, p. 576.

tail, according to this gentleman's conception of his relation to his constituents. Finally a member produced the argument that to add the Referendum to the representative system would be like buying a dog and then doing the barking yourself. The reply was that the Referendum was not intended to transfer the barking to the owner of the dog, but simply to enable him to control the dog, so that he could make the dog bark when he wished him to, and keep him from barking when he wanted him to be quiet.

#### THE HEART OF REFERENDUM LOGIC.

The Referendum in its fullest form confers on the people the powers of instruction and veto, proposal, adoption, and rejection, but it does not follow that they will do the work of the legislators, any more than the power of proposal and veto in respect to the plans of your architect and the work of your builder, leads you to draw the plans yourself, or lay the bricks and fit the windows with your own hands. You may not be able to plan a house or build it, but you can tell whether it suits you or not. And you should have full powers of instruction and veto so that your agents may do the work as you wish it done, and not become your masters, acting according to their own will, and not according to yours. For this purpose something more is necessary than an expression on general policy. The people should be able to say to the Liberal Ministry: "We like your policy on land, labor, credit, etc., but we do not agree with this specific measure—the compulsory vote, for example, or early closing of stores;" or "we want you to establish proportional representation," or "nationalize the steamships," etc. It is simply a question of effective and continuous control of the Government by the people in respect to matters of definite legislation as well as in respect to its general policy.

Condensing the argument into a single paragraph, the Conservative Opposition said the Referendum was impracticable and costly, and the people uninformed and not to be trusted—to vote the way the Conservatives thought best. The electors were already sufficiently represented, and could petition Parliament if they wanted any particular legislation. But if the petition were made imperative it would amount to a "cowardly

forsaking of responsibility" on the part of the Parliament. Representatives would become mere "wooden men," shorn of real power and usefulness. The people had no time to attend to it, and would vote "conservatively" anyway, yet the popular initiative was "legislative dynamite."—The Liberals on the other hand laid stress on the right of the people to rule, separation of issues, deadlocks, the educational value of the Referendum, the trustworthiness of the people, the excellent use made of the Referendum in Switzerland and the United States, and the improvement of the representative system that would result by making the representatives expert advisers and legal architects for the people, rather than the masters of the people for the time being.

Those who may be interested to go a little more deeply into the logic and illogic of this important discussion, will find some extracts from the Parliamentary debates in a future chapter entitled "What Next?" and some references to leading books on the Referendum in the section on "Bibliography" in the Appendix.



## CHAPTER 64.

### DEVELOPMENT

#### OF SOME EARLY INSTITUTIONS.

While evolving new institutions the Liberals did much to develop the laws enacted and the public services established in the early years. Rates were reduced, service improved, and facilities increased. Part of the story under this head is told in the chapters dealing with taxation, banking, the labor laws, the railways, and the coöperative system in the public works, extension of the referendum, etc.; but some other facts, not large enough for separate chapters, may be noted here.

#### TELEGRAPH AND TELEPHONE.

Telephone rates were lowered and 12 cent telegrams introduced. For 12 cents a message of 12 words (counting address and signature, and reckoning five figures as one word) may be sent to any point in the Colony, a distance of more than 1,000 miles in some cases. Each added word costs a penny (2 cents). The average receipts are about 24 cents per message, including press despatches. Payment of telegraph charges is made in postage stamps.

The rate for the telephone is \$25 a year uniform charge, and the total receipts from public and private stations amount to a little less than \$30 per station. There are 23 central exchanges and 35 sub-exchanges. In March, 1902, there were 9,260 exchange connections, or 11 + stations for each 1,000 inhabitants, the same as the estimated relation of exchange telephones to population in the United States. The number of telephone conversations is not reported, but the use of the telegraph is the highest in the world, 5 messages per year for each inhabitant, or double the density of traffic in any other

country, and five times the density of telegraph communication in the United States.

#### STREET RAILWAYS.

The Tramways Act of 1894 provides that authority for the construction of a tramway can be obtained *only* by a local authority. The order is secured by application to the Governor and must specify the fares and charges that may be taken by the municipality. It may lease these lines for a term not more than 21 years, and may give the lessee all the powers of working, etc., that the City Council or other local authority itself possesses. It may take tramways by compulsory purchase on paying the value of the plant as fixed by arbitration, and all powers of the company pass to the municipality the same as if the local authority had built the lines to begin with. The municipality is answerable for all accidents, just as a private company would be.

A City Council or other local authority shall not (1) apply for the authorizing order, or (2) delegate the authority it gets, or (3) sell the tramways, or (4) lease them, or (5) compel the sale of a tramway to itself, or (6) acquire possession of it by voluntary purchase, unless by a referendum vote of the taxpayers in each case.

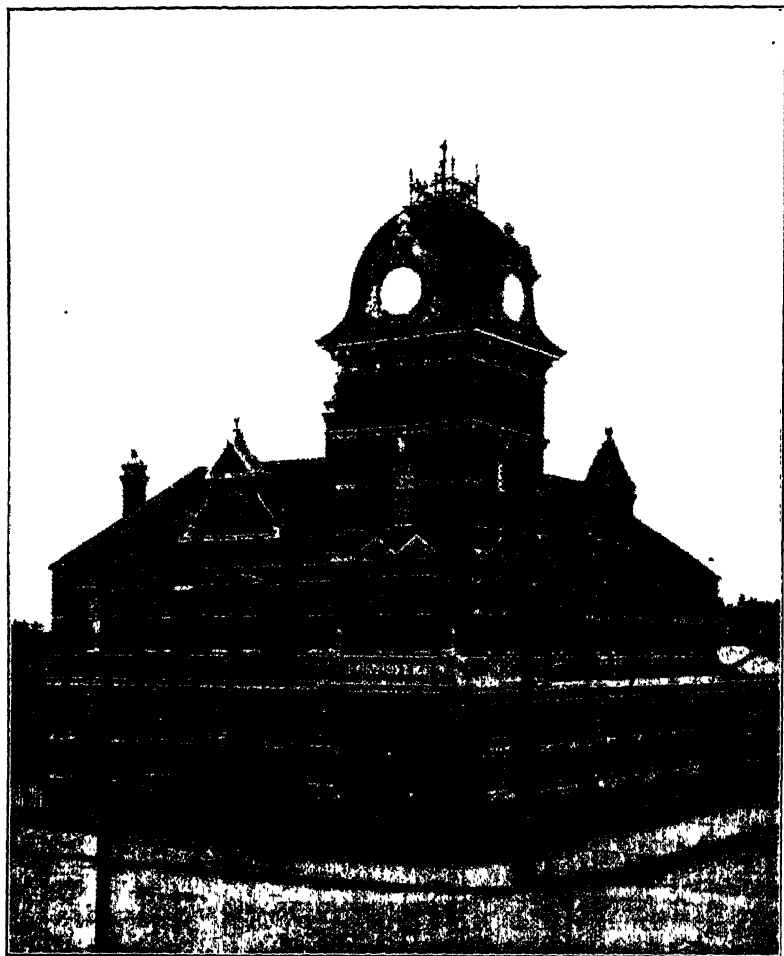
#### THE UNIVERSAL PENNY POST.

On January 1, 1901, New Zealand established a "Universal Penny (2-cent) Post." The Postmaster-General in his report for 1901, says: "This year will be memorable on account of the introduction of the Universal Penny Post. The first Universal Penny Post to be introduced by any country in the world." New Zealand sends a half-ounce letter 12,000 miles to England for 2 cents, and at the same rate to any other point in the British Empire, and to many foreign countries,—128 states and countries altogether.

Australia at first refused to come into the penny arrangement, but in his speech to Parliament July 1, 1902, the Governor announced that the Australian Commonwealth had agreed to admit New Zealand letters at the penny rate, so that the penny rate now applies between New Zealand and any place



in any country of the vast Empire or in the long list of other countries that have entered the compact with the wide-awake democracy of the South Pacific.



POST-OFFICE AT MASTERTON.

Erected in 1900.

*Masterton is a small place of 4000 inhabitants in the North Island.*

#### THE INSURANCE DEPARTMENT.

We have already seen in chapter 19 that the Government Life Insurance Department outstripped all the companies in fair competition. Under Liberal management the department

has proved so successful as to extort admission of its success even from the most implacable members of the Opposition.

Altho New Zealand appears to be the healthiest of countries, its death rate being the lowest, its people are among the most fully insured. The Government insurance alone amounts to \$66 for every European inhabitant, man, woman and child, or \$360 for every grown man. And including the companies the total life insurance is \$143 per capita or \$780 for every man.

The following table affords an idea of the relative amount of life insurance in some of the leading nations:¹

Life Insurance in Various Nations.

Country	Number of Policies and Certificates per thousand inhabitants			Average amount insured per policy or certificate			Amount of substantial* Life Insurance	
	Ordinary	Industr'l	Fraternal	Ordinary	Industr'l	Fraternal	Per inhabitant	Per grown man
New Zealand . . . . .	105	28	16	\$1272	\$110	small	\$143	\$780
Australia . . . . .	80	.....	.....	1450	small	small	130	680
United Kingdom . . . . .	50	410	.....	1900	6	.....	95	500
Germany . . . . .	20	.....	.....	1250	.....	.....	32	170
France . . . . .	9	.....	.....	3300	.....	.....	20	110
Switzerland . . . . .	.....	.....	.....	.....	.....	.....	26	140
Austria . . . . .	.....	.....	.....	.....	.....	.....	14	75
Sweden and Norway . . . . .	.....	.....	.....	.....	.....	.....	17	90
Russia . . . . .	.....	.....	.....	.....	.....	.....	2	12
United States . . . . .	46	57	160	2265	132	1250	196	1080

\* Omitting the industrial insurance as being a mere funeral insurance.

The United States leads the world in life insurance,<sup>2</sup> but the little America of the South Pacific is a good second, and in the ordinary life insurance business in which the Government

¹ In 1891 the average ordinary life insurance per capita was \$125 in New Zealand; \$110 in Australia; \$60 in the United Kingdom, and \$50 in the United States. The average number of policies per thousand of population was 87 for New Zealand; 70, Australia; 28, United Kingdom, and 18, United States. And the average amount per policy was \$288 in New Zealand; \$317, Australia; \$380, United Kingdom, and \$565, United States. The New Zealand system taps a lower stratum in the scale of financial ability.

² Fraternal and industrial insurance is much less prevalent in New Zealand and Australia than in the United States. Precise data are not at hand, but it is known that the amount is very small. Nothing more, in New Zealand at least, than enough to cover sick benefits and funeral expenses.

On the basis of the returns relating to ordinary forms of life insurance, the Australian Year Book (1901) claims that New Zealand and Australia are far ahead of the United States, and "The Monitor," of New York, says: "The inhabitants of New Zealand carry more life insurance in proportion to their numbers than the people of any other nation on the globe." Where the industrial or fraternal insurance only amounts to an average of \$6 for each person insured, as in Great Britain, or \$110 to \$132, as with industrial insurance in New Zealand and the United States, it seems fair enough that it should be excluded in estimating the substantial life insurance of the country. Such

is engaged, New Zealand does not follow even the United States, but heads the whole procession. The figures for the United States are two years later than for New Zealand (the beginning of 1902 against the beginning of 1900, the latest full data given in the New Zealand Year Book for 1901).

Industrial insurance in the United States is \$20 per capita, and fraternal insurance (Odd Fellows, Good Templars, etc.) is \$7 per capita, leaving \$105 per head for ordinary life insurance, against \$143 in New Zealand. For the beginning of 1900 (the date of the New Zealand facts) the United States figure was \$90 per capita or \$485 for each grown man, against \$143 per capita or \$780 for each grown man in New Zealand.

I have dwelt on this at some length because life insurance is one of the refinements of modern civilization; one of the highest evidences of progress; one of the best results of prosperity and intelligence, confirming domestic tranquility and business security, and gauging the forethought, and to a large extent the unselfish forethought, of the people.

#### THE PUBLIC TRUSTEE.

In chapter 20 the discretionary power of the Public Trustee was referred to as a matter of special interest. A few illustrations from recent cases will show what valuable results have been developed from this remarkable power.

Sometimes a will is drawn in such a way that serious loss or inconvenience would result from its literal execution. In such a case the Public Trustee, so far as the safety of the office will permit, endeavors to avoid the difficulty by carrying out the wishes of the beneficiaries, if a majority of them can agree on a reasonable course.

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insurance practically relates to nothing more than funeral expenses, and makes no substantial provision for the family. But in the case of fraternal assurance, amounting to \$1,250 per certificate, life insurance exists in as real and substantial a form as if a policy were taken out in an ordinary company. In estimating the total life insurance for the United States, therefore, we have added the fraternal to the ordinary insurance, which seems to afford the fairest basis of comparison. And if we are right in this, the United States is still several boat lengths ahead of the best of the other crews. The great bulk of our fraternal insurance, amounting at the opening of this year (1902) to more than \$5,500,000,000, is of comparatively recent growth. But even before this, life insurance exhibited great activity in this country. In 1880 the United States had nearly twenty times as much life insurance, and in 1890 nearly seven times as much, as all the rest of the world put together. Tho other nations are coming up, our insurance per head is still more than double that of any other people outside of Australia and New Zealand.

For example, a man died leaving a will by which his whole property was given to his family, which consisted of his father and mother, sister and brother. Before his death he had shown himself most anxious to assist his parents and his brother and sister, who were being educated and whose education could not continue without his help. He was having a house built so that the family could live rent free, but he died before the house was finished. According to the law the father and mother should have been paid their shares of the estate in cash, and the shares of the brother and sister should have been kept until they were of age and then delivered to them in money. But if this had been done, the house could not have been completed, and the money already spent would have been sacrificed. Worse yet, the boy, a promising scholar in the high school, would have had to leave his education unfinished and go to work to earn his living. Instead of doing this, the Trustee, with the consent of the father and mother and the girl, used their shares to complete the house and handed the boy's share over to him. This enabled the lad to finish his education and the family to complete their house and live together in reasonable comfort free of rent. For the good of these people the Trustee used his discretion under the clause authorizing him to apply "any moneys in his hands toward the maintenance, education and advancement of any person interested," and took the risk of repudiation of his action by the children when they came of age.<sup>3</sup>

While the Trustee is collecting claims and settling the estate, the family of the decedent may be in need, and in such a case the office makes reasonable advances for the maintenance of the widow and infant children. Sometimes a testator will direct the sale of his whole estate, forgetting that many little possessions, such as his watch, favorite books, furniture, etc., are of great value to his family and friends but of small account at auction. In such cases the Public Trustee will preserve the little treasures for the family, and even if the estate is insolvent, so that it is necessary that everything shall be sold, he will have these small possessions, to which the affections of the family cling, valued and offered privately to the relatives and friends.

In one case a man of large property died without making a will. He had intended to will his property to his two children, and had often indicated to his son what property he intended to leave him and had told the daughter how he intended to provide for her. The son had worked as his father's manager for many years and knowing that the property was to be his, had drawn no wages. The daughter

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<sup>3</sup> A case cited by Mr. Lloyd, from whose writings and the New Zealand Year Books (especially that for 1898) the materials for this section have been largely derived.

had kept house for her father without pay. When the father died, it was discovered, not only that he had left no will, but that no proof could be found of his marriage to the mother of his children. Under such circumstances the law gives the property to the State, and the son and daughter had no legal claim upon it. Their moral claim, however, was very clear and strong, and the Public Trustee, instead of enforcing the law, set his wits to work to save the property for the young folks. He employed them to manage the property and told them how to apply to the Government for a surrender of the title of the State in their favor, in which application they were successful.

One of the most important consequences of the wide authority reposed in the Public Trustee is the avoidance of the delays and interruptions in the management of property that are incident to the ordinary methods of administration. The Trustee may at any time exercise whatever power may be necessary for the protection of an estate, whether testate or intestate. This authority is highly serviceable to the interests of estates that may be suffering, or in danger of suffering, injury from neglect or delay in taking out probate or administration. The manager of a great business dies, with no relative or partner near. If the enterprise were to stop, it would mean ruin and loss of everything to his heirs, and yet they may be thousands of miles across the sea and unable to take any action in the matter. The Public Trustee steps in and keeps the business going until the rightful successors can be found.

A man carrying on a sheep ranch in New Zealand died in the busy season of the year. The person named as executor in his will was in Scotland. By the ordinary law, no one had a right to do anything with the estate, except the executor or some one with power of attorney from him. But neither the executor nor the power of attorney could reach the Colony for months, and for the business to stop would mean enormous loss. The Public Trustee took charge of the ranch and carried on the business so successfully that when the executor came from Scotland there was little left for him to do.

There are now (1902) over 3,000 estates in the hands of the Public Trustee, with a value of \$12,000,000, and the investments of the office amount to more than \$8,300,000—equivalent to 300,000 estates, with over \$1,000,000,000 of value, and \$800,000,000 of investments for the United States if we had a Public Trust Office here, with a business in the same proportion to population as the New Zealand office.

## CHAPTER 65.

### PROPERTY QUALIFICATION FOR NATIONAL SUFFRAGE ABOLISHED.

In 1896 the property qualification for National suffrage was swept away entirely even as an alternate qualification (saving existing registrations), and residence is now enough, and the only thing that is enough, to entitle a man or woman of proper age, character, discretion, and nationality to enrollment for the election of representatives.

As a result of this act and the abolition of plural voting in municipalities by the law discussed in the next chapter, every person 21 years old, who has resided in the Colony one year, and in the district 3 months preceding the registration of his vote, is entitled to registration and the ballot, provided he or she is not an alien, lunatic, or person of unsound mind, or a public defaulter, or convicted as an idle and disorderly person, or rogue and vagabond, or of some serious criminality (treason, felony, or an offense punishable by a year or more in prison) for which he has not obtained a pardon or undergone his punishment. But no person can be registered on more than one roll in the Colony nor have more than one vote in any national or municipal election.



## CHAPTER 66.

### MUNICIPALITIES AND THEIR GOVERNMENT.

Altho the one-man-one-vote principle was established as to National elections in 1889, and had much to do with the victory of the Liberals in 1890, it was not till 1898 that manhood suffrage was adopted in municipal government. In that year the municipal franchise was reformed by abolishing multitudinous voting,<sup>1</sup> making "residential occupancy" a sufficient qualification for all voting except on proposals relating to loans or rates (for these a person must be a ratepayer or the holder of a freehold estate in land worth \$125 or more), and providing that any qualification possessed by husband or wife should be deemed to be possessed by the other also.

The reformation of the municipal franchise has lagged behind the National movement. Under the municipal law of 1886 the burgess roll (or list of citizens entitled to vote in municipal elections) was made up of taxpayers not in default, *i. e.*, persons holding assessable property and not in arrears in the payment of their taxes. Every one 21 years of age, whose name was on said roll had

- 1 vote if his ratable property in one or more tenements  
was put down on the valuation list at less than.... . £50
- 2 votes if he stood on the assessment list between..... . £50 and £100
- 3 votes if he stood on the assessment list between..... . £100 and £150
- 4 votes if he stood on the assessment list between.... . £150 and £350
- 5 votes if he stood on the assessment list above... . £350

But at the election of Mayor each burgess had only one vote.

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<sup>1</sup> The idea that voting in political corporations should be based on property interest, as in joint stock companies, is not yet extinct in New Zealand. It has departed from National politics, and in municipal or "borough" affairs has been limited to referendal votes on loans and rates, with one vote to a man no matter how much property he holds, but in the country districts the old idea still has considerable vigor. The word "borough" in New Zealand includes city and incorporated town, and as shown in the text any moderate area with 1000 people on it may be a borough, with Mayor and Council and burgesses. Below these in the scale of organization are the villages and country districts, and in case of the submission of any question to the ratepayers of such a district, and in the election of members of any local authority outside a borough, a taxpayer noted on the valuation roll at \$5000 or less, has one vote; \$5000 to \$10,000, two votes, and over \$10,000 three votes. (No. 18 New Zealand Laws, 1899, Oct. 19.)

The Municipal Franchise Reform Act of 1898 changed all this and made other material alterations. *First*, it created two new and independent methods of attaining a title to the suffrage in addition to the ratepaying title. One of the new titles is "residential occupation," and the other is possession of a small freehold. A person who for the preceding 3 months has been a resident in the district, a tenant or subtenant of any house, office, shop, or other building, at a rent of £10 a year, is entitled to registration on the burgess roll whether he has any property or not, or pays taxes or not. And a person who is the beneficial owner of a freehold estate in land worth £25 or more in the borough, is also entitled to registration, tho he may not be a resident and may pay no taxes. *Second*, no person shall be registered for more than one qualification, nor on more than one roll in the Colony, nor have more than one vote at any election, whether he is registered as a resident or a freeholder under this act, or as a ratepayer under the Act of 1886. But a person who is enrolled on the residential qualification cannot vote on any poll relating to loans or rates. Before 1898 a man without property could not vote at all in municipal elections; now he can vote for officers, etc., but not on public loans or taxes. A majority of the ratepayers voting will decide a question of taxes, but a loan proposal requires three-fifths of those voting on the referendum.

By the law of 1900, taking effect January 1, 1901, any area not over 9 square miles, with no two points more than 6 miles apart, and having 1,000 population or more, may constitute a borough. And any male or female 21 years old with a freehold of £25 value, or a place on the assessment list, or a residential occupancy as above described, paying £10 annual rent after deducting rents of subtenants payable to him, can register in one ward and have one vote and no more, with the same provisions as to voting on loans and rates, qualification of husband and wife, etc., as above.

#### MUNICIPAL OWNERSHIP.

New Zealand's towns have had for many years the right to establish municipal water, gas, and electric light plants, and tramlines. Sir Robert Stout, now Chief Justice of the Colony, said a few years ago: "In most towns that have been incor-



porated the municipality owns both the gas and the water works. The tramways pay a rental to the local authority, and there is reserved the option of purchase. There are some privately owned gas works it is true, but the tendency is for the municipality to become its own supplier of gas, water, libraries, bath houses, etc."<sup>2</sup> At present (1903) all the *cities* own and operate their street-car lines, water, gas, and electric plants, and the general results are very satisfactory. The service is good and the rates much lower than in the United States with private ownership, tho ordinary wages and prices range higher in New Zealand than in our country. The usual fare on the street cars for rides within the limits of the city is one penny (2 cents), and the longer rides extending into the suburbs are not more expensive than with us.

Nevertheless, altho New Zealand's cities have gone much further than ours in the development of public ownership, her municipalities have not upon the whole made so much progress in this direction as the cities of Great Britain. Among the reasons for this are the following facts: First, the possession of the general power to establish municipal works has made it easier for municipalities to secure good terms and favorable contracts with the companies. There is no other preventive of corporate extortion, poor service, or other misbehavior, so effective as the right of the municipality to go into the business itself, especially with the initiative and referendum as means of starting the machinery. Second, until very recently (1898) local Governments have not been democratic in their organization, the ordinary householder having one to three votes, a man of considerable property, four or five votes, and the poor man none. An aristocratic franchise like that is not favorable to municipal ownership. It places the control of the local Government in the hands of the same people who ordinarily own the public-service corporations.

Democracy has only just been established in municipal affairs in New Zealand. Now that power is in the hands of the people, the spirit and practise of public ownership may permeate municipal life as fully as National affairs. The National Government, however, has so much the lead, and the people have got so much in the habit of looking to it and rely-

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<sup>2</sup> J. Statis. Soc., vol. 55, pp. 389-390.

ing upon it for all they wish to accomplish, that municipal business cannot be expected to attain so large a development as in countries where the State does little for the people beyond the maintenance of order.

In New Zealand the telephone exchanges are all in the hands of the State. And there is a tendency to follow the example of New South Wales and other Australian States and make the street-car lines of the cities State property.<sup>3</sup> The police force is already a State institution, and the municipalities have nothing to do with education, which is carried on by thirteen district boards under a State system and Minister of Education.

#### MAYOR AND COUNCIL.

Each borough (city or town) has a Mayor and a Council of 6 to 18 members. If the borough is divided into wards, 3 councillors are chosen in each ward for a three-year term, and one-third or one in each ward, go out each year. The Mayor is elected annually. In the cities the Mayor receives one or two thousand a year. He takes the rest of his pay in honor, and the happiness of high service and the direction of important affairs. The councillors take all their pay in this way, as they have no salaries, and no chance to make any perquisites. There are no boodle-contracts or franchise-grabs in New Zealand, and even party differences and disputes about National policies are kept out of municipal government. "It has not been the scene of party conflicts and there has never been charged against any of the local bodies or any of their members any corruption," says Chief Justice Stout.<sup>4</sup>

#### TAXATION.

The Council of any city or town may levy a "general rate not exceeding in any year 2s (48 cents) on the pound on the annual 'ratable' value, or 6 farthings (3 cents) on the pound on

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<sup>3</sup> The possibilities of coördination or of competition between the railroads and a net-work of trolley lines connecting the cities and towns, makes it in many respects desirable to bring the street railways under the same general management as the railroads. And if this management is public the benefits of coördination may be secured without danger of extortion or other infringement of the people's rights.

In Wellington, however, where it was thought the State might take the tramways, they have been municipalized. (See below.)

<sup>4</sup> Open Court, vol. II, p. 583.

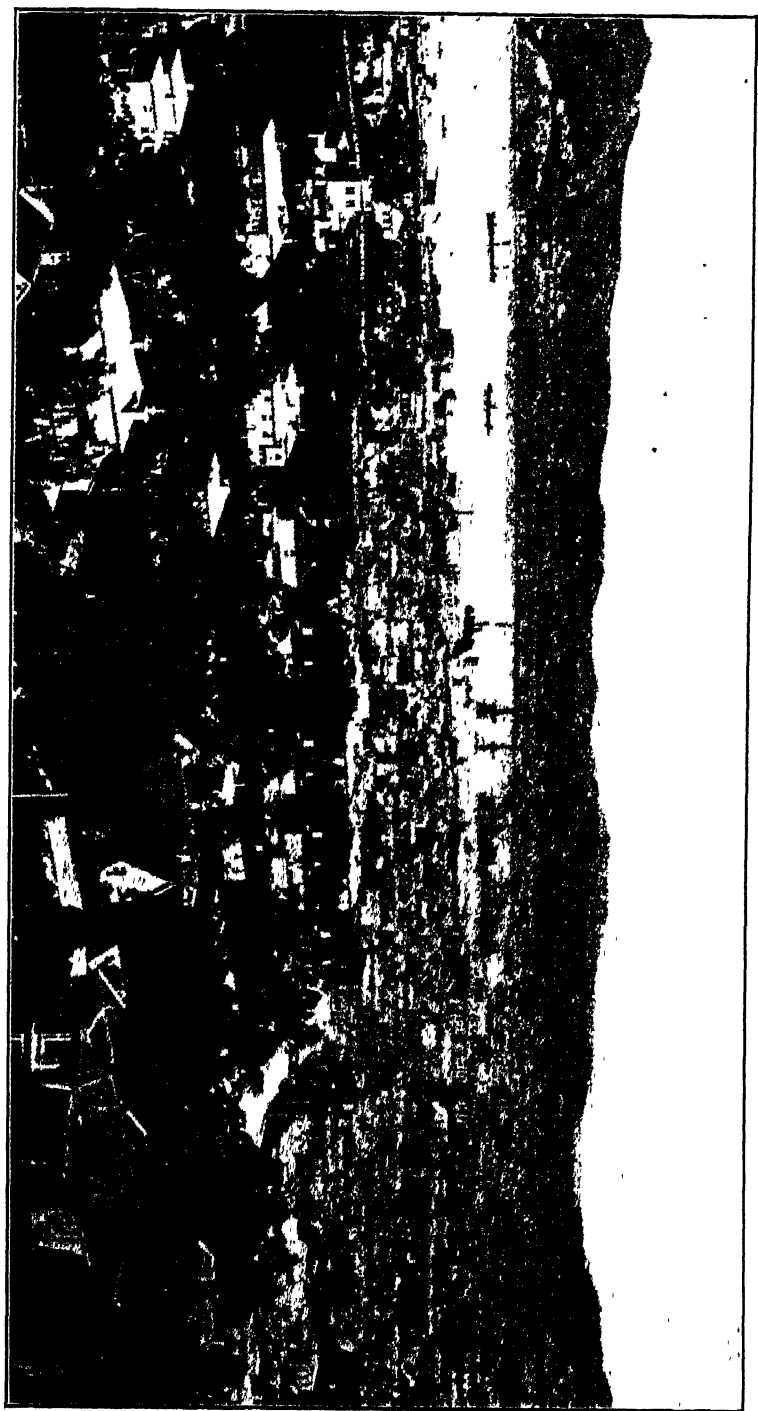
the capital value of the ratable property," and also separate or special rates not exceeding 1 shilling on annual values, or 3 farthings on capital values, for "constructing, providing or establishing, or extending or completing, or maintaining, working or repairing, any *public works* of any description whatever, or purchasing or otherwise acquiring any undertaking whatsoever for the benefit of the whole district or any ward thereof."<sup>5</sup> Translating this into percentages, the general tax may equal 10 per cent of the annual rental value of assessable property, and the special tax 5 per cent. If the rating act of 1896 is adopted by a referendum vote of the taxpayers, both the general and special taxes may be levied on land values or the rentals due to land values, in such a manner as to produce the same revenue as the authorized rates would produce when levied on property. No loan can be voted except upon a referendum of the ratepayers. The average municipal taxes, as we have seen, are below 10 per cent on assessed annual values, about half of one per cent on the assessed capital value of land and improvements, or perhaps 40 cents on the hundred dollars of actual value of land, buildings, and fixtures.

#### WELLINGTON.

The capital city, Wellington, with its suburbs, has a population of 50,000, having nearly doubled since 1886. It was founded in 1840 by the New Zealand Company, on the shore of Cook Strait and became the seat of Government in 1865. Unlike most New Zealand towns it is largely built of wood owing to the earthquake shocks that were felt in Wellington in 1849 and 1855, but there has been for some years a growing disposition to build in concrete and brick. The Government departments occupy what is said to be the largest wooden building in the Southern Hemisphere. The city owns its water works, library, public baths, recreation grounds, etc., and recently it has taken over the tramways. There was some talk of the State's acquiring the Wellington street-car lines, but Premier Seddon informs me there is no intention of doing this at present since the lines have been taken over by the municipality. The city is excellently lighted by electricity.

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<sup>5</sup> Municipal Corporations Act, Oct. 18, 1900, '95.



WELLINGTON TO-DAY.

Coming into the harbor the scene develops from an indistinct, haze-blended cluster of buildings in a hollow to bright green hills, white houses, red houses, yellow houses, stone-colored houses, some on top, some on the sides and more at the foot of the hills, with wharves, vessels, business blocks, railways, tramcars, wagons and people in profusion. Some of the bond stores and warehouses in "Lambton Quay," near the wharves, are very fine buildings. The foreign trade is large; two or three thousand ships come in each year from foreign ports, besides the vessels engaged in local traffic.

The city is growing rapidly—over 44 per cent in ten years. The principal industries are iron and brass foundries and other works for the repair and supply of ships, saw mills, soap and candle works, boot factories, aerated water works, meat-freezing works, coach-building shops, rope and twine works, sash and door factories, brick yards, tile and pottery works, besides a match factory and numberless smaller works of various kinds.

The Government car and locomotive works are here, the Government Printing Office, the Weather Bureau, the General Post-Office and State Insurance Office, the Harbor Board offices, the School of Art, the Colonial Museum, Botanical Gardens, Parliament Buildings, and the residence of the Governor. The chief public buildings are the Houses of Parliament, the Supreme Court, the Government Offices, the Wellington College, and the Hospital.

The post-office is a large, square, stone building, with a round cupola and clock and chime of bells. It is down near the wharves, and next to it is a handsome red brick building, with grey stone trimmings, recently erected by the Government Insurance Department. The Government Building covers two acres; is four stories high; has three front entrances; and contains about 160 Government offices.

In Thorndon, the most beautiful part of the city, filled with trees and villas, the Parliament Building and the Government Building rest side by side in a fine location overlooking the harbor. They are surrounded by extensive and beautiful grounds. The lawns are well kept, and the gardens are full of beautiful flowers.

In the legislative chambers for the House and Senate the members' seats and desks are arranged in semi-circles facing

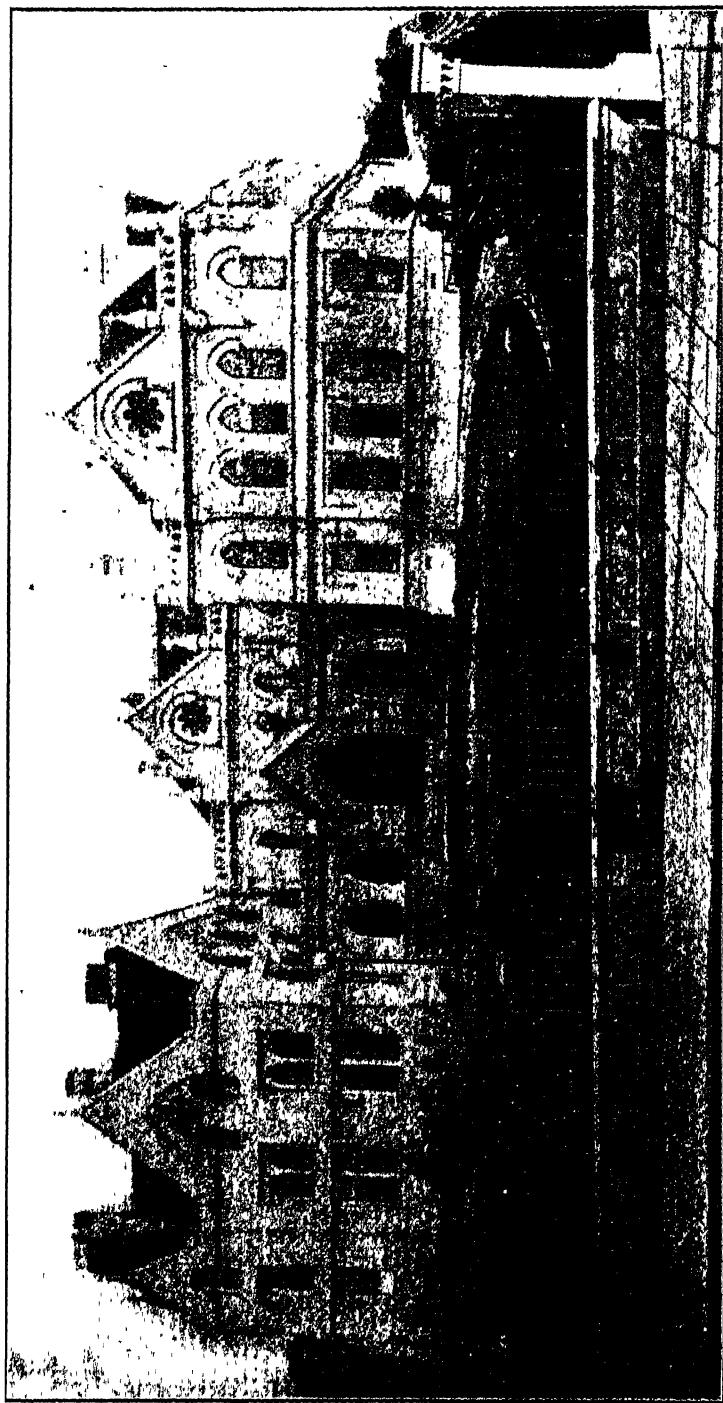
the speaker, as in our halls of legislation, and four galleries, for ladies, the press, strangers, and speakers, extend round the room.

In the pretty residence districts of the city the gardens are divided by hedges; and some of these hedges are solid masses of geraniums 6 feet high and 4 feet through, and covered from end to end with a mass of glorious bloom. The grass is green and flowers bloom right through the winter. Frost is unknown in Wellington. It has the same mean annual temperature as Washington, but the extremes are less.



*Where Flowers Bloom All the Year.*

The streets are narrower and the houses closer together in parts of Wellington than in other New Zealand cities. Nature provided an excellent and spacious harbor, but walled it in by high ranges covered with thick and almost impenetrable forest. The town was hemmed in by the sea in front and the cliffs and forests at the back, and these limitations condensed it. But the obstacles have long since been overcome, and the city has extended north and south and also laterally over a large area reclaimed from the harbor. Fine roads join the city with fertile tracts inland, and the railways carry large numbers of workmen up the Hutt Valley to their suburban homes every night. There are many trees and gardens in the residence



PARLIAMENT BUILDINGS, WELLINGTON.

*Where have been enacted in the last twelve years the most remarkable body of Progressive Laws so far established in the world.*

parts of the city, and there is one very broad street, called the Basin Reserve, with two rows of trees in the middle, a foot-path between them, paved with asphalt, and open to the sky, the sea-air, and the sun-light. This public promenade and recreation ground runs a long distance through the city. The Botanical Gardens which form a part of it are well kept, and contain a nursery of valuable trees and plants for distribution to all parts of the Colony.

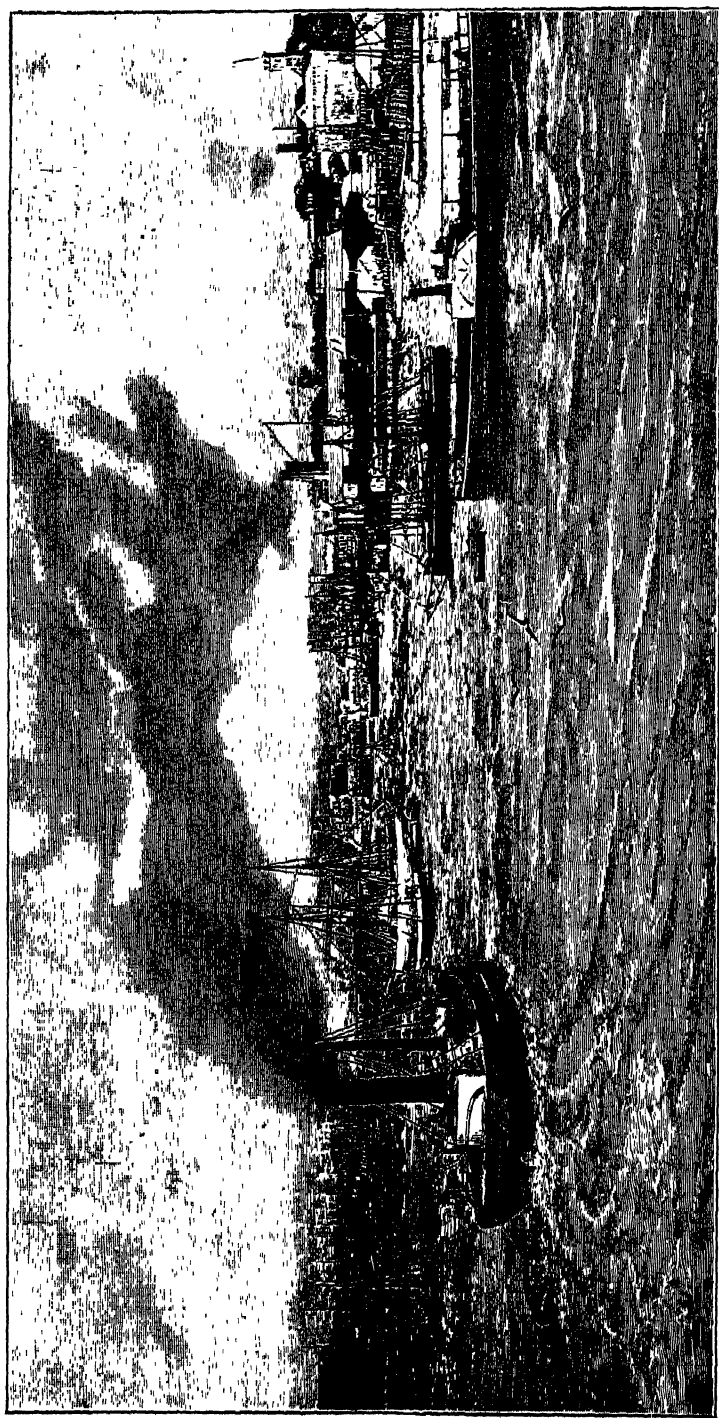
The view of the city from the surrounding hills, especially from Flagstaff Hill, is fine. On the "flats" are thick clusters of houses joined by two intervening fringes, one of villas dotting an elevated terrace, and the other of shops and stores broadening on the beach. The lake-like harbor lies shimmering within its amphitheater of hills, and in the far north may be seen the evergreen peaks of lofty mountains forest-clad. Parts of the city itself are almost forest-clad, the trees in many places almost hiding the buildings. One structure here can be seen around the world. From the modest Parliament buildings in this capital city came the greatest revolution of the 19th century, and they are still the home of the most progressive government on earth.

#### AUCKLAND.

Auckland, the metropolis of the Colony, has with its suburbs a population of 68,000. It rests on a lofty promontory overlooking one of the most beautiful harbors in the world. Alike from the sea and from the neighboring hills, the city and surrounding country present a charming picture. Scattered for many miles to the southward are beautiful villa-like houses with tasteful gardens and shrubberies, while to the northwest the view is closed by high-wooded ranges.

The commercial position of the city is unrivalled. It is the centre from which radiate the principal railways and steamer routes. The Auckland docks in the hands of the Harbor Board cost over a million dollars. One of the docks is 313 feet long; another is 525 feet long, and can accommodate at the same time two of the largest vessels in His Majesty's fleet. There are numerous industries, including ship-building, foundries, sugar-refining, flour-mills, fibre manufacture, meat-preserving, meat-freezing, boot and shoe making, timber con-





AUCKLAND HARBOR.

*In which all the navies of the world might rest without crowding.*

verting, sash and door and general wood manufactures, rope and twine, pottery, brick and tile, varnish, and many other works.

The streets are well paved with enduring eucalyptus blocks on a solid concrete base, and the city has stone sidewalks, a fine system of electric lighting, good tramways, beautiful parks, excellent telephones, pure water, and pure government.

Among the notable public buildings are the Government House, the Postal and Telegraph Offices, the Supreme Court, the Auckland Institute, the Temperance Hall, the Freemason's Hall, the Opera House, the Choral Hall, and the Public Library, to which George Grey gave his fine collection of books and manuscripts.

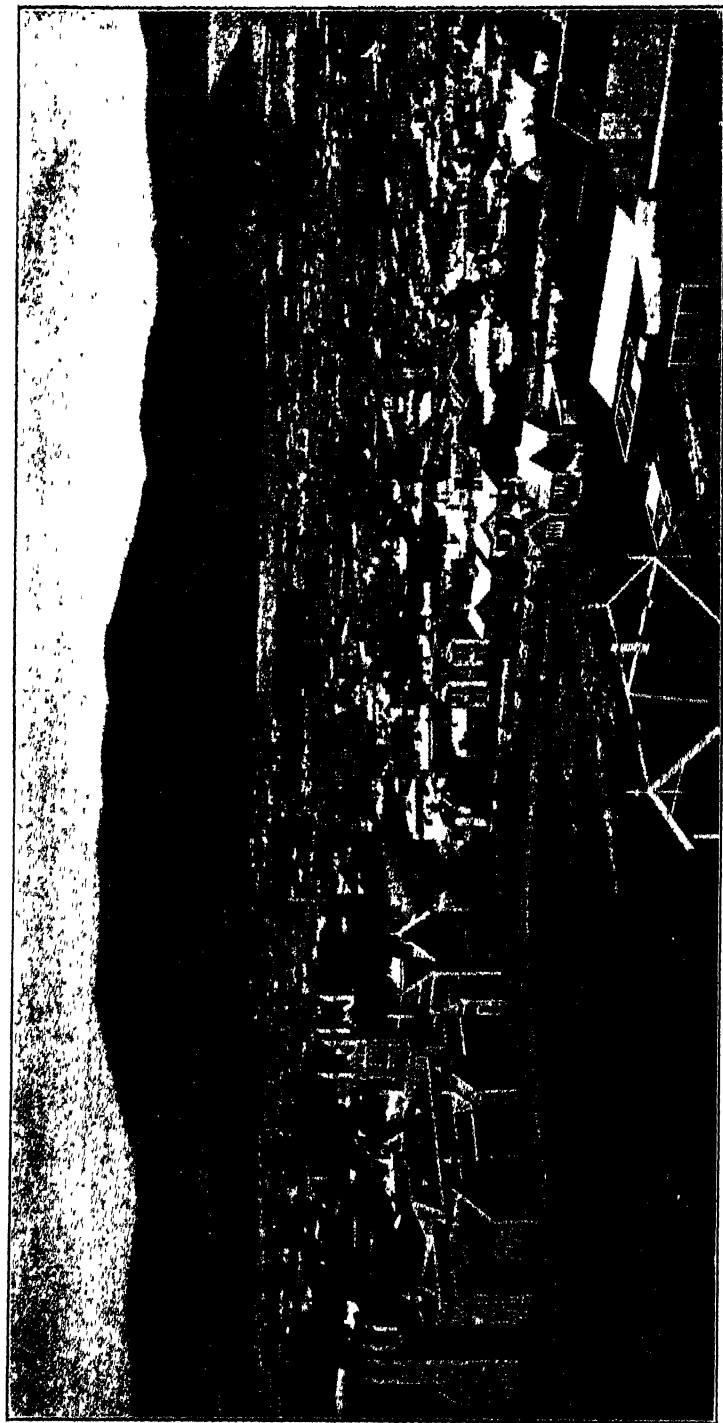
There are admirable public recreation grounds at Auckland. The Government Domain, about a hundred acres, includes a botanic garden and a cricket ground, and Albert Park, fifteen acres of nature, is in the heart of the city, like the Boston Common.

A most enchanting view of the city and harbor and surrounding country, can be obtained from the top of Mount Eden, an extinct volcano, 650 feet high, which lies a short distance from the city.

#### DUNEDIN.

One of the loveliest and liveliest of New Zealand cities is Dunedin, on the south-east coast. With its suburban population it has 53,000 people, a little more than half of them in the suburbs. In Auckland also the population is about evenly divided between the city proper and the suburbs, but in Wellington less than one-eighth of the people live in the suburbs.

The business part of Dunedin is on level land near the harbor, and the residences occupy the sloping hills, which rise on the west. The city proper is about  $2\frac{1}{2}$  miles long by a mile wide, and is bounded on three sides by what is called the Town Belt, a reservation a thousand feet wide, with a pretty road running through it from end to end from which many charming views of the city and harbor may be obtained. The city has forty miles of metaled and well-drained streets, with asphalt pavements, gas and water, substantial buildings, and many handsome edifices. It is well endowed. Its rent



DUNEDIN FROM ROSLYN HILL.

*The large and handsome building in the foreground on the left is the High School.*

roll amounts to about \$50,000 a year. It owns gas works on which it makes a profit of \$15,000 a year. The debt is  $2\frac{1}{4}$  millions, but in addition to gas works valued at \$500,000 and land worth over \$1,000,000, the city owns water works representing \$1,250,000, and public buildings, etc., bringing the total assets up to 3 million dollars.

Dunedin has a University with separate faculties for Arts and Science, Law, Medicine, and Mining, a training college for teachers, a School of Art and Design, an Art Gallery, Museum, Theater, Public Atheneum and Mechanics' Institute, Botanical Gardens, etc. There are fine hotels and residences and beautiful stone buildings for commercial, social, and charitable purposes. The city is connected with the suburban boroughs by an excellent system of cable-tramways. Many of the dwellings are built high up, and peep picturesquely out of the surrounding foliage. The views of Dunedin and its suburbs from the water and from the hills are beautiful.

#### CITY AND TOWN LIFE.

There are few palacial residences in New Zealand's cities and towns, but a very large number of comfortable homes. In the two-storied wooden houses, scattered among gardens and plantations, in which even the wealthiest class are usually well content to live, many refined and cultured men and women may be found, but no frivolous, butter-fly society, rivalry of show, or social dissipation.

Literary and musical societies, art clubs, camera clubs, yachting, rowing, and cycling clubs, and other athletic associations, abound. Banks and offices close at 5, and the stores must also close early, as the law forbids the employment of women and youths under 18 for more than 52 hours a week. These regulations, with the weekly half-holiday clear the way for literary, athletic, and social activities.

There are some tenement districts especially in Wellington, which the Government is striving to relieve by establishing suburban settlements and workingmen's homes up the Hutt Valley, with cheap and ample service of workingmen's trains at 50 cents a week. Similar services exist in all the large cities. There are no such social plague-spots as infest our cities, no such crowded slums and reeking alleys as we possess.

Nowhere do the poor live herded out of sight of grass and trees, with only slits of heaven to give them glimpses of blue sky and fleecy clouds. No class breathes at night the heavy air of swarming rookeries. The cities are not disagreeable to the eye nor unwholesome to the lungs. Go up on the hills near any of the cities and you will see a panorama of trees, grass, and flowers. Except in a few central blocks, gardens and orchards everywhere meet the eye—the cities and towns are buried in eternal green, and the best views, in their lavish verdure remind one of Washington as seen in the springtime from the dome of the Capitol or the top of the Monument.

It is easy for all classes to live healthy, manly lives in these cities. The death rate is very low, and the citizenship very high. Fresh air, good water, good food and plenty of it, short hours of labor, good pay and plenty of time for recreation, help to explain why you can have colonial cities with a death rate as low as 11 in the thousand.

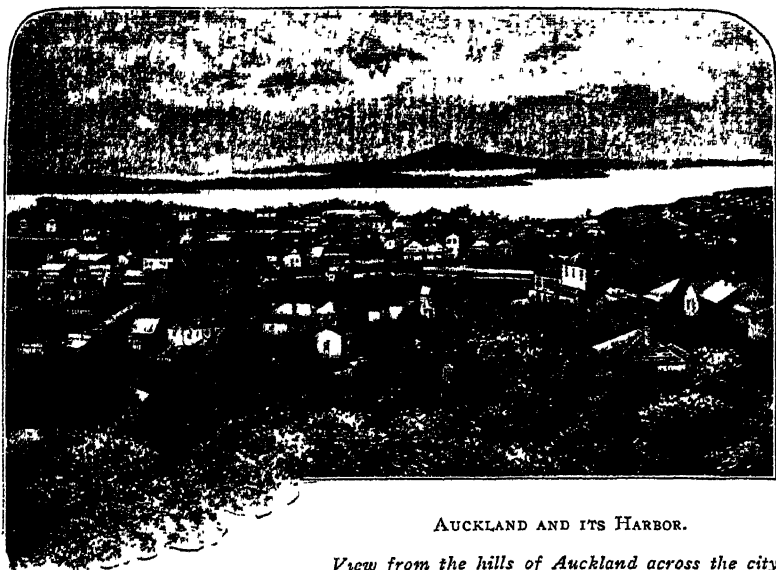
Parliament insists on municipal slaughter houses and thoro inspection.<sup>6</sup> Great care is exercised in respect to what comes into the Colony, as well as about what goes into the stomach. Noxious plants and animals are rigidly excluded, whether they wear pants or not. A well-posted New Zealander tells me that no mad dog has ever been known in the Colony. Dogs coming from abroad are quarantined 6 months before admission. Similar care is exercised in respect to other classes of immigrants. "Neither typhoid, small-pox nor cholera has ever found a lodgment in any New Zealand city or town," said Chief Justice Stout, a few years ago, and tho the plague has recently got a slight foothold, it was speedily cornered and controlled, and the Colony's immunity from disease continues to astonish visitors from other lands. And the people are as clean morally as they are physically. Even their *city politics* are clean, as well as the rest of their living. There are no spoils, no boodling aldermen, no government by corporations and monopolists.

The building of such wholesome, comfortable, prosperous, and well-governed cities, is by no means the least of New Zealand's achievements.

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<sup>6</sup> The Slaughtering Act, 1900, requires every town of 2000 or more to provide a public abattoir where all slaughtering must be done, the inspection of which is in the hands of the Agricultural Department's Officers.

Yet excellent as they are in many ways the same useless multiplication of stores that mars our cities prevails in New Zealand cities also. They are strictly modern aggregations of commerce and manufactures,—collections of stores, warehouses, factories, public buildings and dwellings, comfortable but mostly common-place, without the art treasures or architectural grandeur of some European cities, or the sky-scrapers and crowded commercialism of our over-grown cities. They are hives of workers with practically no idle class, no blackened Bowery slums, or glittering Newport froth, no nests of stock gamblers or other parasites, and hardly a millionaire. But the general commercial atmosphere is still competitive, not coöperative. In spite of public ownership or full coöperation in the railways, telegraphs, telephones, water, gas, banks, land, insurance, coal mines, etc., and numerous coöperative groups in productive lines, and in spite of the harmonizing effects of arbitration, the dominant type in business is still the non-cohesive, aggressive individualism that expresses itself in competitive industry, instead of the mutualistic individualism that seeks all its purposes through union, and naturally expresses itself in coöperative institutions.



AUCKLAND AND ITS HARBOR.

*View from the hills of Auckland across the city to Mount Rangitoto, a mountain isle in the harbor, whose name means "bloody sky." It is an extinct volcano, but was named by the Maoris at some remote period of activity.*

## CHAPTER 67.

### OLD-AGE PENSIONS.

To free the aged and deserving poor from want, remove them from the stigma of charity and the poor-house, and enable them to live at home in freedom and independence when their days of work are done, New Zealand in 1898 established a system of moderate annuities from the State Treasury for such persons as a right, based on principles of partnership and brotherhood, justice and humanity—the value their lives have been to the Commonwealth in earlier years, the responsibility of society, and the worth of kindness and good treatment, not only to the recipients, but to the whole community.

It is clearly just that one who has built his best years into the wealth and prosperity of a country and lived a virtuous and helpful life, should have a reasonable subsistence in old age without the ignominy and restraint of the poor-house. All civilized nations recognize the duty to make provision for the destitute, but the duty of placing that provision in deserving cases on the plane of justice instead of charity, and making it conform to the liberty, independence, and comfort of the recipient, has just begun to dawn upon the world. The bitterness of charity is keenly felt by the better class of the aged poor, and the fear of want in old age hangs like a shadow over the whole lives of the wage workers. Their labor has helped to create the values on which the nation's industries rest and from which its income largely flows. Our best colleges pay their professors annuities in old age as part of the fair remuneration of their toil. Soldiers and civil servants receive pensions because of the service they have rendered the community. But the workers in the factories and on the farms are just as necessary to the public welfare as the police and postal clerks, and have just as much right to consideration in old age, whether on grounds of sympathy or justice. Yet till recent years, no nation has recognized this principle.

In Germany, the Bismarck Government, in 1889, adopted a plan of compulsory workpeople's insurance against old age and invalidity with small contributions from the Imperial Treasury; but Denmark,<sup>1</sup> in 1891, was the first to enact a real old-age pension law with substantial annuities from the State. The next year Dr. McGregor, head of the Charities of New Zealand, urged that better methods than charity and the poor-house be devised for dealing with the aged poor, and, in fact the statesmen of the Colony were already working on the problem.<sup>2</sup> McGregor argued that industrial veterans should be treated as worn-out soldiers, deserving a comfortable support or pension from the State. He thought the drift of legislation and discussion in Germany, Denmark, England, etc., indicated the rise of a strong sentiment in favor of "a more sympathetic, discriminating treatment of the aged poor. Our unjust system of distributing the proceeds of labor must compel society to face the duty of making such provision for deserving old age as shall not involve any sacrifice of self-respect in accepting it."

The Progressive Liberal Association, which has done so much to inspire and energize the progressive movement in New Zealand, took up the pension idea, but advocated *universal* pensions for rich and poor alike so as to avoid all suggestion of pauperism in the recipient.<sup>3</sup>

Public opinion, however, was not roused till 1896, when the Seddon Government brought down an old-age pension bill, which, tho in advance of public sentiment, found both Parliament and the people quite ready to entertain the question. The bill proposed to allow 10 shillings a week to persons 65 years old and 20 years resident in New Zealand, whose income, other than from personal exertion, was less than \$260 a year. In moving the second reading,<sup>4</sup> Premier Seddon said: "This is the most important bill I ever moved and I earnestly desire it passed into law." He stated that Sir Harry Atkinson years before had tried to impress upon the people that "some provision should be made for those who in the evening of their days had not been provided for," but there were serious defects in the measure then submitted (by Atkinson, the Conservative Premier). Captain Russell, leader of the Opposition, said that Premier Seddon's speech was "twaddle, pure electioneering, he does not wish to place the measure on the statute book, and it will never pass its third reading in this House."

The second reading was carried 42 to 6, but in Committee of the Whole an amendment was carried in favor of a universal pension scheme, so that "all persons, even those getting thousands of pounds a week, could come in and get their 10 shillings a week" from the

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<sup>1</sup> See Appendix.

<sup>2</sup> Early in '92 Sir Robert Stout wrote: "A scheme for old-age pensions has been elaborated, and an attempt will be made to solve the difficult problem of making some provision for laborers in their old age." (Journal Statis Soc., vol. 55, p. 403.)

<sup>3</sup> The Trade and Labor Conference of the New Zealand trade unions in 1900 made the same demand.

<sup>4</sup> New Zealand Parliamentary Debates, vol. 95, p. 622, et seq.



State, so the Premier said the Government would drop the bill till after the recess.<sup>5</sup>

Immediately afterward came the general elections of December, 1896, and the principle of old-age pensions was earnestly discussed. Candidates throughout the Colony were asked if they favored old-age pensions, and most of them said they did, the Conservatives adding: "If anyway can be found to make them practicable" The Liberal Government was returned with a large majority, and the old-age pensions bill reappeared in the session of 1897. This time it was in more practical form, and did not propose to give pensions to elderly men who might be earning considerable incomes. The debate became a contest between Mr. Seddon's plan of pensions freely given to deserving and needy old people, and a general contributory scheme advocated by the Opposition as a counter to the Government's plan. The Premier's bill was carried in the House, but wrecked in the Senate.

The next year, 1898, Mr. Seddon pushed his bill again. It was thoroly debated in the House, and various amendments carried, designed for the most part to defeat imposture, exclude the undeserving, and reduce the amount of the pension. Altho the second reading was voted 35 to 12, the Opposition put up a tremendous struggle, exhausting the resources of debate and resisting the bill at every stage. The contest in Committee lasted 11 days, and ended in a continuous sitting of nearly 90 hours. But the steady resolution, robust physique, and shrewd self-possession of the Progressive Premier, and the unfailing support of the Liberal members, carried the measure at last, and the Senate, strengthened by new Liberal appointments, approved the bill 20 to 13. The institution has proved a great success and New Zealand's example has been followed by New South Wales (1900) and Victoria (1901).<sup>6</sup>

#### THE NEW ZEALAND PLAN.

The New Zealand law<sup>7</sup> says: "Whereas it is equitable that deserving persons who during the prime of life have helped to

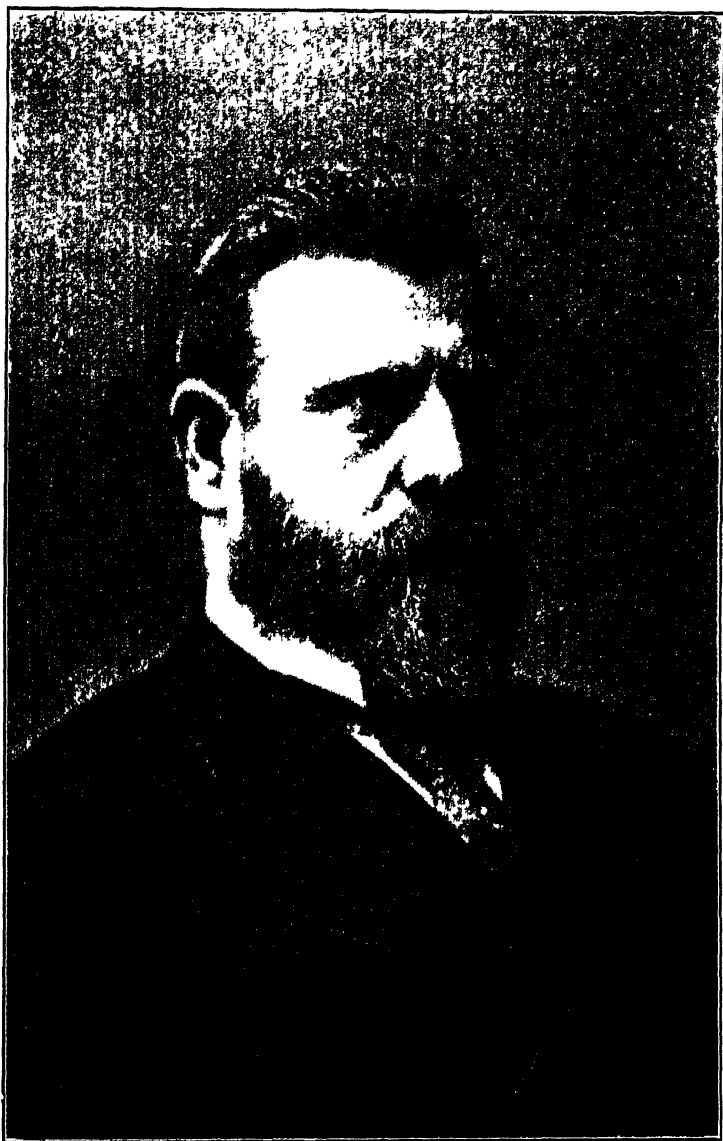
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<sup>5</sup> A pension claim registration act was passed in 1896 with the object of ascertaining the probable cost of a pension system. Persons having reached the age of 65, resident 20 years in New Zealand (imprisonment being reckoned as absence), and without income in excess of \$250 a year, were entitled to apply for a pension certificate, which would be good if a pension fund were afterward established.

<sup>6</sup> See Appendix.

<sup>7</sup> Nov. 1, 1898, amended Oct. 18, 1900, and Nov., 1901. The original act gave the Government authority to pay the money for 3 years only, so that without further action of Parliament the law would have expired in 3 years. The act of 1900 made the measure permanent; allowed 4 years absence during the residence period, in place of 2; made 1 year's naturalization sufficient in place of 5 years; altered the provisions in respect to husband and wife; and provided that no one should be refused admittance to a charitable institution merely because he was a pensioner. The act of 1901 adds a few provisions as to deputy registrars, pension agents, interpreters, and deceits as to property. The text and subsequent notes represent the law as it is now after the amendments of 1900 and 1901.

For the amendment of 1902, coming to hand after this chapter was written, see note 23.



THE RIGHT HON. RICHARD JOHN SEDDON, P. C.

LIBERAL PREMIER.

Organizer of Coöperation in Public Works. Founder of Old-Age Pensions, etc.

*The fight in Parliament to pass the Old-Age Pension Act was one of the greatest Parliamentary contests we have heard of in any country, the Premier and his supporters sustaining the strain of a continuous session for 3 days and 3 nights, till the Opposition got tired and condescended to allow the large majority to pass the law they wanted.*

bear the public burdens of the Colony by the payment of taxes, and to open up its resources by their labor and skill, should receive from the Colony a pension in their old age: Therefore, be it enacted," etc., that any citizen<sup>8</sup> over 65, who has resided in the Colony 25 years<sup>9</sup>, is of moderately good character,<sup>10</sup> and not possessed of property amounting to more than \$1,600 clear (*i. e.*, above all debts or encumbrances), nor a yearly income of \$260 net,<sup>11</sup> is entitled to a pension; provided he has not directly or indirectly put property or income out of his hands in order to qualify.

If the net income is under \$175, and the property above debts is not over \$250, the maximum pension of \$90 a year is given; but for each \$5 of net income above \$170, and also for each \$75 of clear property above \$250, one pound, or \$5, is deducted from the pension, so that it vanishes when the clear property reaches \$1,600 or the net income rises to \$260 a year. No distinction is made between men and women, but in case of married couples living together, no pension is to be granted

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<sup>8</sup> The claimants must be subjects of His Majesty, and if naturalized must have been naturalized a year; and Asiatics are excluded whether naturalized or not.

The pensioner retains his right to vote. By English law, and in some of our States, a pauper loses his franchise—a victim of the poorhouse or one too poor to pay his poll tax cannot vote, tho he may have paid thousands into the public treasury in former years.

<sup>9</sup> The residence need not be continuous; the applicant need not stay in New Zealand continuously for 25 years—he may be absent as much as 4 years of the total period relied on, if the rest of it, the time of his actual residence, foots up to 25 years.

By the act of 1898, the claimant must not have been absent from New Zealand more than 2 years altogether in the quarter of a century before making application for a pension, but the act of 1900 extends the right of absence to 4 years during the period of 20 years or less in which the 25 years residence is counted.

<sup>10</sup> The pension is barred if, within the past 25 years, the claimant has been imprisoned 5 years for an offense dishonoring him in the public estimation; or if, within 12 years, he has been imprisoned 4 months, or on 4 occasions, for any dishonorable offense punishable by imprisonment for a year or more; or if, at any time, for 6 months or more, the claimant (if a husband) has deserted his wife, or failed without just cause to provide her with adequate means of maintenance, or neglected to maintain his children who were under 14, or (if a wife) has deserted her husband or children under 14; or if the claimant is not of good moral character, or has not, for the 5 years preceding the application, lived a sober and reputable life.

<sup>11</sup> In estimating income, it is provided that sick benefits and funeral funds from friendly societies are not to be included, nor income from property, that being involved in the property exceptions and deductions stated in the text. One getting free board and lodging from a friend or relative is regarded as having £25 (\$125) income, and may still draw the maximum pension. Money received from relatives or friends, or benevolent sources, as a gift is not counted in income.

that would make their combined total net-income more than \$390.<sup>12</sup>

The law applies to Maoris as well as whites; but aliens, nomads, and Asiatics, criminals, drunkards, wife deserters, and those not living a sober and reputable life are shut out.

#### THE TESTS.

The tests of the law are *need*, *desert* and *age*.

The age line of 65 years represents in a general way the time of incapacity, and is, therefore, coördinated with the element of need. But it is too arbitrary to be entirely satisfactory. One man may be old and feeble at 50, and another vigorous and able to care for himself at 80. If the pension is not meant as a reward for attaining the age of 65, nor a dividend to partners a certain length of time in the firm, but intended to relieve need, it should not be given to one abundantly able to make a good living tho he may be over 65, and should not be refused to one of deserving need, who is not yet 65. This is merely a suggestion, not a criticism. The necessity of attention to cost and limitation of expenditure, and other considerations, required that a line be drawn somewhere, and tho imperfect, the 65 year snow line has proved a good practical limit for the beginning of such an experiment.

Desert is measured by residence and character. As a rule a person of fairly good character living 25 years in a country has done enough for it to be entitled to comfort in old age. Here again the tests do not secure full justice in individual cases. A man may live a "reputable life" for 25 years, or 50 years, and never do a stroke of useful work, or benefit the community in any way. While another may have been of the greatest value to the country, tho he has been in it only 5 or 10 years, but the law must draw broad lines to avoid the excessive cost and difficulty of investigation and decision in respect to the details of each individual case. A half pension might be given after 15 years residence and a quarter after 10 years, if such residence were accompanied by vigorous and useful labor, but where a single average line is to be drawn 20 or 25 years has seemed a reasonable requirement, not only to the statesmen of New Zealand, but to those of other countries dealing with this problem.

As to character, if you are of "good moral character," have not

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<sup>12</sup> In the case of husband and wife not living apart under decree or deed of separation, the net property or income of either is to be deemed not less than half the united property or income of both, but this does not operate to reduce the actual net capital or income of the one who is seeking a pension. If his actual condition shuts him out, or if his presumptive half of the united resources brings him to the limit, he cannot have a pension. The pension granted to either husband or wife must not exceed such a sum as with the total income and the pension of the other, if any, will amount to \$390 a year.

It seems questionable whether it is wise to arrange the law so that husband and wife living apart under decree of separation can draw full pensions up to an income of \$260 each, or \$520 together, while if living together and trying to be friendly they are limited to \$390. This puts a premium on living apart.

deserted wife, husband, or children, have been "sober and reputable" for 5 years, behaved yourself fairly well for 12 years, and done nothing outrageous for 25 years, the magistrate will pass you on the character test,<sup>13</sup> and the State will give you a pension, if you fill the other requirements. In the Parliamentary debates the provision that an applicant must be of good moral character and have lived a sober and reputable life for 5 years, caused a member to exclaim, "A man will have to be a saint to earn a pension in New Zealand." Another member replied, "When a man has reached 65, it is high time for him to be a saint." It may seem hard to some to have to be sober 5 long years, but the majority of the people regard the conditions in favor of sobriety and good conduct as entirely reasonable, and it is certainly good statesmanship to use the hope of an annuity as an additional motive to morality.

It is true that the law in its encouragement of virtue does not go so far as to refuse a pension to all who cannot show a clean record from beginning to end. The Commonwealth is forgiving. The people recognize the fact that a man may mend. One may desert his wife, or even commit a serious offense, and yet become in after years a very useful citizen. So the law draws broad lines between chronic criminality, or habitual wrong doing, and occasional lapses long outgrown, fixes substantial periods of probation, and holds out hope to those who reform in time. You may have a pension altho you were once a drunkard, if it was over 5 years ago; or were in jail for several months for libel or assault and battery, etc., if it was 12 years ago; or underwent 5 years or more of penal servitude for a felony, if 25 years have since elapsed; or deserted your wife for a period less than 6 months—too much cannot be expected of a man especially if his wife is not possessed of a sweet disposition.

Need is determined by lack of net income amounting to \$260 a year, and clear property amounting to \$1600, as already explained in text and notes. Under the law of Victoria<sup>14</sup> the claimant must show that he has no children or parents able to support him, but in New Zealand the possession of well-to-do or wealthy relatives is no bar to the State annuity. The Radicals of New Zealand want to have the pension law so broad that even a person who is wealthy in his own right can draw the pension, so as "to avoid all suggestion of pauperism in the recipient," but the Liberal Government has from the first steadily refused to favor any such scheme of "universal" pensions, on the ground that it is not necessary or wise, and that the Colony cannot afford it. On the other hand, while refusing to abandon the test of need, it has not yet made the relief coextensive with deserving need, since many such cases may occur before the age of 65 is attained. In Victoria a person 65 years old, or "of any age" who is "permanently disabled or in permanent ill-health caused by having been engaged in mining or any unhealthy or hazardous occupation," may claim a pension if the case comes within the other conditions. This is recognized by the New Zealand press as a distinct advance upon their own law, which is likely to be amended so as to include cases of disability below the age of 65.

<sup>13</sup> For precise details, see note 10.

<sup>14</sup> See Appendix.

Many believe in abolishing the age limit entirely, except so far as it is indirectly involved in the residence condition, so that the date of disability shall be the date of the pension whether it occur before or after 65, and a person over 65 may not have a pension if able to maintain himself, nor one disabled fail to get a pension because he is not yet 65—in other words, they believe that deserving need is the reason of the law and should be its sole test.

Those who advocate the "universal plan," disagree with this and base the pension right primarily neither on age nor need, but on desert, claiming it for rich and poor alike as a sort of partnership dividend.

#### METHODS OF POOR RELIEF.

There are four general classes of schemes for relieving the poor. *First*, charity, public and private, including old-people's homes, poor-houses, soup-kitchens, free distribution of food and fuel, and other help that comes as a gift, and not as a right. In common with other countries, New Zealand has had for many years a system of both outdoor and indoor relief under the care of her Charitable Aid Boards, besides a fair share of private benevolence. *Second*, plans based on reward of thrift and encouragement of self-denial, like the compulsory-insurance and State-contribution scheme of Germany.<sup>15</sup> *Third*, the Coöperators' and Socialists' ideal of a universal and comfortable provision as a right accruing upon disability, a plan which, however well it might work in a true coöperative commonwealth, can hardly be regarded as adapted to a society in which masses of men are wasting their energies in competition and in useless or even pernicious industries. Harvard professors are pensioned on disability as part of the established conditions of employment, and when, by the evolution of employers and employed and the development of coöperation and public ownership, labor in general comes to bear a reasonable resemblance to that of the teacher at Harvard in respect to earnestness, utility, coöperation, and devotion, a similar plan may be used throughout, but not while hundreds of thousands care little or nothing for the utility of what they do, or the service of society, aiming to get as much and give as little as possible. *Fourth*, plans for the moderate assistance of the deserving poor as a right—a partial application of the principle underlying the coöperative ideal<sup>16</sup> under the limitations of existing conditions.

#### AIM OF THE NEW ZEALAND LAW.

The New Zealand law belongs to the latter class. It aims to assist

<sup>15</sup> The invalidity and old-age insurance law of Germany was enacted June 22, 1889, and subjects to compulsory insurance all persons working for wages or salaries up to \$476 a year. The old-age and invalidity insurance fund is formed by equal contributions from employers and employed, and a subsidy of \$12 a year is granted by the Empire on each annuity. The great difficulties are: (1) that many fail, often through misfortune, to fulfil their obligation to contribute, and so lose their share in the fund—in 4 years 60,000 claims had to be refused, and (2) many even of those who keep up their contributions can ill afford to do so.

<sup>16</sup> If practically all were deserving, and few were so rich as to make a pension superfluous (as might occur under a coöperative system with its universal utilities, and equalizations of wealth), the fourth class would merge into the third.

the portion of the deserving poor most likely to need help, to such extent as may be done without too great a financial burden for the tax-payers to bear for a new experiment. It is not based on benevolence, but substitutes justice for charity. It recognizes the principles on which the second and third plans are based, and seeks to apply them, as far as they are reasonably applicable, to existing conditions. Its purpose is not merely to provide a subsistence minimum of a shilling a day (or \$90 a year), but to help the deserving aged poor to an income of £1 a week, or \$260 a year.

The ideal of the law is that a person should have at least \$5 a week.<sup>17</sup> The State, however, does not propose to furnish the whole of this desirable minimum. It wishes the citizen and his people to join in the effort to provide a comfortable support, so it enters the proceedings as a partner, contributing about one-third of the desired revenue; a contribution sufficient to ensure the pensioner against pauperism, but not enough to weaken his effort to provide additional income for his old age. It is thought the institution tends to encourage thrift and virtue. Thrift is favored by hope and a good start. Put an egg in a nest and the hen will lay more and raise a brood. So the worker with a Government nest-egg sure, will strive to add to his old-age resources, when, many times, without this encouragement, the workman with a large family to raise on a slender income, would be deterred by the hopelessness of the situation from making any effort to provide for his later years.

Sometimes the law as it stands now has a tendency to work the other way in respect to employment after sixty-five. In one examination the judge said to an applicant:

"You are not entitled to a pension. Your income last year was over a pound a week."

"Thank you, sir," said the man, "it shall not happen again."<sup>18</sup>

That is a possible effect, now and then, so long as the law dates the annuity from a specified age, instead of making its commencement depend on incapacity.

Relatives able to help support the old folks are not relieved of the duty by the pension law—the courts allow a partial abatement—but compel the relatives to contribute a reasonable amount in addition to the pension.

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<sup>17</sup> A man who has no income and no property gets \$90 a year. If his clear property is not more than the amount of the exemption (\$250), and his income aside from property does not amount to \$175, he still gets the full pension of \$90, making his possible income \$260 plus what he gets out of his property. If his property is above \$250, or his net income \$175 or more, but below the upper limit of the law (\$260), £1 (\$5) is deducted from the pension for each £1 of net income above \$170 and for each £15 (\$75) of clear property above \$250, leaving him still a sufficient pension to bring his total income up to \$260 a year, or \$5 a week. For example, if his property were \$250, and his net income \$200, the pension would be \$60. If his clear property were \$550, or \$580, or \$600, and his income (aside from rent or other receipts from his property) were \$200, the pension would be \$40, with the expectation that the rent or interest on the property would bring the total revenue up to \$260 at the least.

<sup>18</sup> This and a few other cases are taken from Lloyd's "Newest England."

"If your sons think they are going to get out of supporting you because you have an old-age pension, they will find themselves in the wrong box. They have got to reckon with me," said the judge in one of these cases. An old man with a 7s pension per week continued to receive by order of court, 5s a week from his five sons who had together been voluntarily contributing 8s 6d to their father's support. In other cases children have been required to pay half what they had been giving.

As many of these contributions, voluntary and otherwise, come from workers not well able to pay them, the relief afforded in this direction by the State annuities is an excellent thing. But now and then a case occurs in which a pension has to be granted under the law to an aged man or woman whose children are rich and amply able to give the parent every comfort. In one instance, a mother had years before conveyed the whole of her property to her sons, who were now well-to-do, and some of them wealthy, yet they were quite reconciled to her support by the State. One of them said: "We can all find our mother in money—we are all willing to do so; but we are glad now to find that she is independent, and can go to the Government regularly and draw her pension." To cover such cases, it might be well to provide that where near relatives are easily able to afford support, no pension should be paid from the State Treasury, but the \$90, or even the whole \$260, should be paid by such relatives in proportion to ability and nearness of relationship or strength of obligation. The payments might be made to the post-office to be handed over by it to the pensioners, who would thus be rendered as independent as if the pension were paid by the State. If the duty of relatives is not to be deemed the primary obligation, or if on any ground the obligation of the State is to be made coördinate with that of the relatives, instead of being displaced by it, then the Government might be authorized to pay the same pension as if there were no well-to-do relatives, requiring such relatives to pay an equal amount, or a sum that would be reasonable under all the circumstances, so as to provide a more ample settled income than the State annuity alone. The action of the courts when called upon is in the latter direction, but Parliament has not yet established any rule to control this class of cases.

#### THE OLD-AGE PENSION LAW IN OPERATION.

The act went into effect November 1, 1898. It provided for public hearings of applicants before police magistrates, who were to examine and determine claims. The pension districts were proclaimed in December, and notices issued throughout the Islands, informing the people how to make application. Hearings were held in January, and the first batch of pensions was paid in March, 1899. In five months 7,487 pensions were granted, representing an annual payment of \$640,000. April, 1901, there were 12,405 pensioners, 10,356 of them receiving



the full \$90. The total was \$1,060,000, averaging a little over \$80 per person. The census of 1901 showed 31,353 whites over 65 years old. A little more than one-third of these were pensioners. April 1, 1902, after 3 full financial years of operation, 12,776 pensions were in force, 1,055 of them belonging to Maoris, and the cost for the year was a little over a million dollars.<sup>18</sup> Some 15,000 pensions have been granted, but deaths and cancellations have cut down the number, and now nearly balance in effect the yearly grants on new applications, so that the list is increasing very slowly as is shown in the accompanying table:

Year ending March 31	Pensions granted	Death of pensioners	Pensions canceled or lapsed	Pensions in force at end of year
1899	7,487	38	6	7,443
1900	4,699	786	71	11,265
1901	2,227	815	292	12,405
1902	1,694	935	388	12,776

About 15 in each 1,000 persons are pensioners, or 1 in 67. The present population of New Zealand (November, 1902) is about 845,000. A shade over 4 per cent are 65 years old. Less than 40 per cent of these come within the law. The rest are not poor or fail in respect to residence or some other condition. The cost of administering the law is about \$13,000 a year, or \$1 per pensioner, including \$2,500 in contributions to the post-office for the assistance rendered by that department.

Everywhere in the post-offices of the Colony of Kindly Justice hangs the notice

## “OLD AGE PENSIONS,”

with directions how to obtain them. The post-offices furnish application blanks, etc., and pay the pensioners their instalments.

At the hearings, the magistrates ask questions about the property, income, and character of the applicant, his term of

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<sup>18</sup> The sum paid out was £207,468, or about \$1,037,000. About \$15,000 worth of instalments were forfeited during the year. The roll now calls for \$1,086,000 a year to the 12,776 pensioners.

residence, etc., and he must bring evidence to satisfy the judge that he is past 65, of good moral character, and has been leading a sober and reputable life for the preceding 5 years. The judges will not accept testimony as to character from relatives. Neighbors, former employers, clergymen, etc., are brought in as witnesses of character. The evidence of any friend or neighbor of good repute is usually accepted as sufficient. The pensions are awarded only for a year. The application must be annually renewed. The annuities are paid in monthly instalments.

A few examples will show the workings of the law.

Gentleman, 80 years old, "never been in prison," nor deserted or neglected wife or family, "teetotal abstainer all his life," janitor of a school fifteen years, lives with his son, no property or income; granted \$90 annuity from the Treasury.

Brisk little man, 66, earns \$150 a year as a sort of clerk, and has a little house worth about \$300 with a debt of \$100 on it; used to drink, but was cured of the alcohol habit twenty years ago, had trouble with his wife, but didn't desert her or refuse to provide for her—she left him and went off with another man—granted \$90, making a total income of \$240. The full pension is given where the property above charges and encumbrances does not exceed \$250, and the income, other than that derived from property, is less than \$175.

An old lady of 67 owned a little house worth about \$500, in which she lived with an orphan grandchild. She kept one lodger at \$1.50 a week, and took in what sewing she could get, making about \$180 a year altogether. Her son and daughter each sent her \$6 a month. Pension of \$75 a year granted her, and her children ordered to continue half their contributions, affording her a total income of \$287 if she continued to do as well with her sewing and lodgings as in the past. She does not get the full pension of \$90 because her property runs over the exemption of \$250 by three full increments of \$75 each, which takes off three pounds, or \$15, from her pension. Nothing is subtracted from the pension on account of her income from sewing, etc., for about \$1 a week of the \$1.50 paid by the lodger is attributable to property—rent for the room and furniture—so that her income aside from property returns does not exceed the \$170 allowed for such income before *anything is subtracted from the pension on account of income.*

An applicant with \$500 in the Savings Bank got a pension of \$75 a year. His clear property exceeded the \$250 exemption by three increments of \$75, so that three five-dollar deductions were made from the full \$90 pension.

Another case was postponed because the claimant did not bring his savings-bank book, nor his income tax return.

A woman whose husband was earning \$320 a year applied for a pension. Under the law, half the husband's income is attributed to the wife (tho it does not guarantee that she shall get half of it). Her

income was, therefore, considered to be \$160, which would still permit her to get the maximum pension were it not for the further provision that the pension granted husband or wife must not be so large as to lift their total net income above \$390. This cut her pension down to \$70.

Old people in benevolent homes maintained by the Colony are not debarred from receiving pensions, and may remain in the homes if they choose, but in that case the pensions are paid to the authorities, to be set against their maintenance.

An applicant admitted on examination that he had drawn all but \$250 of his funds out of the savings-bank, and given it away, because he thought he had too much money. He was rejected on the ground that he had deprived himself of property in order to qualify. He should have *spent* his money, as he needed it, till his remaining funds came within the limit. Unless he had other property, he was far below the limit anyway. He seems to have mistaken the *exemption* \$250 for the pension *vanishing point*, \$1600; or perhaps he was anxious to get the maximum pension at once.

A widow stated her age as 67, but the Court ascertained that according to her second-marriage certificate she was only 64. The Court informed her that "she could not be 64 to be married, and 67 to be pensioned at one and the same time." She was too youthful for a pension and must wait.

In another case the judge detected an alteration in one of the figures of a birth-certificate. A telegram was sent to the district officer for the true figures, and the lady lost her annuity.

Among the wonderful things New Zealand has accomplished, perhaps none is more remarkable than the vision of women manifesting pleasure at the recognition of their age, and even committing frauds in the attempt to prove themselves older than they are.

Here and there a fraud on the law succeeds. There are no pension lawyers, so that fraud is not reduced to a science. But imposture exists, nevertheless, and its complete elimination constitutes the principal problem in the administration of the law, as is the case also with the administration of tax-laws. Some investigators do not agree on this point, however. Mr. Lloyd states it as the best opinion he could get that "the percentage of fraud that escapes the court is infinitesimal," and that practically all the successful applicants are deserving.

"Only once," he writes, "did I see among the would-be pensioners any one really looking disreputable. He was a vagrant of the most undeniably chronic type. He admitted cheerfully that he had been in prison, but, he urged, 'never for any criminal offense.' He had been turned out of the Home on account of drunkenness.

"What else can a man do," he demanded, 'if he is turned out, but turn vagrant?'

"I shall have to search the criminal record," the judge said. The man stood aside while the court officials went to look him up. They

soon returned with a formidable list of convictions. Some of them were for particularly unsavory offenses. The application was summarily rejected. The man stepped down with a cheerful face, apparently as clearly satisfied as the judge that he had been properly rejected. 'That,' he said, referring to his record of convictions, 'was an impediment, I knew; but as I was an old colonist I thought I might as well make the application.' "

From what New Zealanders have told me, and from facts brought to light since Mr. Lloyd wrote, I believe his statement in reference to fraud is too strong; but later and fuller investigations confirm his conclusion as to the worthiness of



FRANZ JOSEF GLACIER, NEW ZEALAND ALPS.

*The heart of a glacier is not more cold and comfortless than feeble old age in helpless poverty. And the heart of a nation whose attention and thought were clearly and strongly directed to the equity and humanity of the matter and still left its deserving poor to the forlorn option of dire want or the poorhouse, would have a frigidity as far below that of the glacier as it is below the temperature of the smiling valley in its summer bloom.*

the great body of pensioners. Reeves says that the good character, quiet simplicity and real need of the applicants, as disclosed at the public hearings, has affected public feeling throughout the Colony by bringing home to the understanding and conscience of the people everywhere the afflictions of poverty-stricken old age, and done more to ensure the permanency of the old-age pensions than many years of argument.

His description of the groups of claimants will be recognized as just and true by all familiar with the working of the institution.

"Almost all looked decent folk! hardly any but were clean, fairly intelligent, and neatly clad. A significant feature was the tiny amount disclosed of dire and utter poverty relatively to the whole population of the Colony. Poor people there were; but there was little trace of the sordid, dismal social wreckage of the Old World—the rubbish and 'tailings' of urban society. Dirt, rags and the worst forms of grime and degradation were very little in evidence. The aged poor of the Colony were found to be, as a class, emphatically decent rather than repellant. Of 6178 fresh claims for pensions made during the second year, only 13 were rejected on grounds connected with personal character. This may fairly be reckoned good evidence of the sound quality of the old age pensioners as a body. The assembling of these bands of aged and unlucky people in the magistrates' courts to ask for the very moderate help granted them in the evening of life, has furnished a series of object lessons far more eloquent than any number of speeches and articles. There, in concrete form, has been exhibited the tragic union of old age and misfortune, one of the most pathetic sights which can appeal to a nation's conscience."<sup>19</sup>

Nevertheless, sound and honest as the *mass* of the pensioners are, attempts at fraud and imposture have been made by unscrupulous applicants, and some of them have proved successful. In October, 1901, a pensioner in the Auckland district was prosecuted for obtaining a pension by divesting himself of property for that purpose, and was fined and his pension cancelled. To ascertain how much trickery was going on Parliament appointed a committee of inquiry. The investigation did not go very far, but the evidence taken went to confirm the impression that imposture, tho not rife, was sufficient to call for action. Premier Seddon anticipated the conclusions of the committee by bringing down an amending bill to guard more carefully against abuses. In moving the second reading he frankly admitted the existence of a limited amount of fraud:

"I had a letter a couple of days ago from Christchurch. The wife of a pensioner died after the act was passed; putting the two properties together, she had £600 (\$3000) in bank. There is another case on the West Coast where a pensioner died who had £500 (\$2500) in the bank.

"I place these facts before the House. They are entitled to know that a state of things exists that ought to be seen to. I must confess that the magistrates do not think this evasion is widespread; but the

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<sup>19</sup> State Experiments in Australia and New Zealand, vol. II, pp. 259-264.

opinion held by the general public, and by members of Parliament, differs very much from that of the magistrates. When you have a wholesale undervaluing of property, it shakes confidence."

The Premier put the case in debate rather strongly, which is not unusual with a vigorous speaker seeking to impress the House with the necessity of passing his bill. Speaking of abuses in connection with the native interpreters, he said:

"Interpreters have charged as high as £3 for a single application, and they have charged nothing under a guinea. In order to make these guineas they have gone round districts looking for old Maoris and getting them to make applications.

"It is simply to remedy these defects of the present law that the bill is brought forward. It is necessary to stop abuses, which, I regret to say, exist. One case was given me by a member the other day, which was known to himself, where an old couple divested themselves of a farm, gave it to a married daughter, and after this was fixed up they applied for a pension; and they now live with the daughter on the land that was their own, and drive in a pony chaise once a month to draw the money. Well, of course, that is an isolated case, but when you have cases of that kind the sooner we lock the door, and prevent that occurring in other cases, the better for all concerned."\*

The amending act provided that, whenever application for a pension or its renewal is made to a magistrate, the clerk of his court must notify the deputy registrar of pensions, and the deputy or his agent may attend the hearing and examine the applicant. He may also examine any bank officer or other person able to throw light on the applicant's means, and his questions must be answered. Transfers of property are to be carefully inquired into. If, after the death of a pensioner, or the pensioner's wife or husband, it is found that there was more property than the law allows in respect to the pension granted, the State recovers double the excess of pension paid. One having more than \$1,600 of property at 65, may find it reduced by loss or legitimate expenditure, so that at 66 or later he may be entitled to a pension. But if at any time he gives away his property, or puts it out of his hands for the purpose of obtaining a pension, his claim will not be honored. The law strikes at pension agents and procuration, by making it an offense to receive money for procuring any pension; and a special penalty is provided for licensed Maori interpreters guilty of procuration.

\* If the *universal pension scheme* were adopted, such questions of fraud would be avoided, for a person of the required age, etc., would be entitled to a pension no matter how much property he had.

The present safeguards against imposture and abuse, under the original act and its amendments, appear to be fairly good, tho still stronger measures are suggested in Parliament.<sup>20</sup>

Forfeiture and cancellation of a pension may occur not only for fraud in obtaining it, but for misconduct afterward.<sup>21</sup> The law is based upon and encourages good living both before and after. The people know that unless they live good lives they cannot get the pension if they should need it; and after they get it they know they cannot keep it except on the same condition. If a pensioner is found to be a habitual drunkard, or is sentenced to imprisonment for 12 months or more for any "dishonoring" offense, "the pension *shall* be cancelled," and drunkenness, or any offense "dishonoring him in public estimation" and punishable by imprisonment for a month or more, may forfeit the annuity. It lies in the discretion of the court to cancel one or more instalments. And if the judge finds that the pensioner "mis spends, wastes, or lessens his estate, or greatly injures his health, or endangers or interrupts the peace and happiness of his family, the court may order the instalments paid to a clergyman or justice of the peace or other reputable person for the benefit of the pensioner, or may cancel the pension." You must behave yourself if you want to get and keep a pension in New Zealand. You must not even disturb the peace and happiness of your family, else you may have to say good-bye to your pocket book. It is said that the women had something to do with that provision. If so, we congratulate them. It is an admirable thought. Expand the idea a little by means of a general provision that any man, not a pensioner merely, but any man, may be deprived of control of his cash account on proof that he "interrupts the peace and happiness of his family," and the docility of married men will be assured.

It appears then that a pensioner is not only liable at any time to forfeit his certificate if convicted of a serious offense or shown to be living a drunken, riotous, or spendthrift life, but that even a single intoxication or other minor misdeed may cancel the right.

<sup>20</sup> See note 23, debate on the amending act of 1902.

<sup>21</sup> Moreover, an instalment is forfeited if not drawn with reasonable promptness. The pensioner cannot make the Pension Department serve as a bank. The Postal Savings Banks are ready to render that service.

No pensioner can assign his pension, or grant a legal charge upon it.

The Registrar says in his official reports that the administration of the law has been remarkably smooth, and that very few pensioners have misapplied their money. There have been a few, but not very many, cases of drunkenness among them. June 15, 1900, the Registrar wrote, "After a year's additional experience, I may add that the usefulness of the measure is now generally recognized, and that the anticipated difficulties raised by adverse critics are not apparent in its practical working."

The law is not perfect, but its defects are not of the essence, and will be amended away as experience shows what improvements are needed. It is likely that after a moderate residence, a part pension at least may be given disabled workers at the date of incapacity, instead of at a fixed age limit; the amount may be made flexible instead of rigid, adapted to secure a comfortable support under all the circumstances as in Denmark, and the full pension may be raised to \$130 as in New South Wales,<sup>22</sup> or even higher. As it is now a feeble old man with an invalid wife or a young child, and no income, gets \$90 instead of the \$250 or \$300 that are needed, while another old man who has a comfortable home with a well-to-do son and really needs nothing, gets the same \$90 annuity.

The property limit may be lifted to encourage thrift, and income from all sources kept together in estimating the right to a pension. It does not seem best that the possession of a small property that affords little or no income should bar the annuity.<sup>23</sup> The fact that \$325 of

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<sup>22</sup> See Appendix.

<sup>23</sup> Since the text was written an amending act has been introduced to enable an aged person having a small property (not over \$1500 in value) and otherwise entitled to a pension, to deed the property to the Public Trustee; have its value subtracted from the amount of his property for the purpose of computing his pension right; live on the premises rent free and draw the full pension if other conditions for it are fulfilled; and if at any time he may wish to take the property back, the Government will deduct the amount it has paid him in pensions above what it would have paid if he had held the property together, with 4 per cent interest on the said amount, and reconvey the property, after which it must be included in his property values and his pension adjusted accordingly.

If the owner dies leaving a wife or husband entitled to a pension, the arrangement may be continued during the life of such survivor. On the death of such survivor, or of the owner in the absence of such survivor, or where from any cause the pensioner is no longer entitled to a pension, the Public Trustee is to sell the property, deduct the amount due the Government for excess payments as above, and pay the balance to those entitled to the estate.

The bill also provides additional safeguards against fraud—revision and cancellation, recovery of excess, penalties, etc. In the debate in the House a leading member said: "There is nothing like adequate provision for investigating into each case. What you want is a real inquiry out of court, where it can be done without offense, and thoroly done. You want an officer in each district absolutely set apart for the purpose of sifting these claims before they come before the magistrate. If the Department were represented in the courts by an officer who would do for the pensioners what the Commissioner of Taxes has to do for the taxpayers—really test each claim—then, without any publicity or harassing of any kind, we should have a real and searching



property deducts \$5 a year, and \$400 deducts \$10, etc., may be a temptation to poor people nearing the pension age to transfer their property, or even to waste it. Mr. Reeves suggests that intending applicants may outflank this part of the Act by buying a small annuity. Beyond the exemption of \$250 every \$75 in possession takes off \$5 of the pension, but that same \$75 would buy an annuity of something like \$8, so that a person 65 years old with a home worth \$320, and \$1600 or so besides, can keep his home, buy an annuity of \$174, and still get the full \$90 pension; whereas if he kept the \$1600 he would get no pension at all. Unless he can make his property pay him over \$264 or 16 per cent a year with certainty, he had better take the annuity and the pension. It is well to limit the amount of property that can be held non-productively by a pensioner, and it is a good idea to encourage investment in endowment policies, but it is also wise to stimulate thrift, and with that object the exemption, at least in respect to productive property, might be raised.

The law may be amended to exclude not only drunkards as at present, but the makers of drunkards, liquor sellers, keepers of gambling dens and disorderly houses, also speculators and others who have spent their lives in pernicious activities instead of useful industry, or one-tenth of the pension, or a fifth, or some other emphatic fraction, might be deducted for each year in which the applicant had been engaged in any such improper business or occupation.

Finally the provisions concerning married people should be remodeled so as to remove the penalty on domestic union; relatives in easy circumstances should be required to pay the old-age pension in place of the Government, or else pay an equal amount in addition to the State annuity; and provision should be made for reciprocity as in the later acts of New South Wales and Victoria, so that as the old-age pension system develops in other nations, the time may come when a man may go from country to country all over the civilized world and stay in each as long as he chooses without risk of losing his pension when the time of need arrives.

#### MOST POPULAR, YET MOST BITTERLY CONTESTED.

The old-age pension is an institution of the highest value. It marks an epoch in civilization, as a most important step in the equalization of benefit, and the embodiment of justice and brotherhood in laws and institutions. It carries into the second childhood something of the same spirit that makes the first childhood smooth and beautiful. It sweetens the life of the working classes with the certainty of support in old age, in

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investigation." The bill does not as yet (Sept., 1902) contain a provision for such an officer. It has passed the House and gone to the Senate and seems likely to become law this session.

P. S.—It is in the Statute-Book of 1902, being enacted substantially as reported in the House and above described.

freedom and independence, and on a basis of right, instead of charity. It is a new coöperation for the common good, a new safety, an improvement and even a prolongation of life, for the effect of even a moderate pension regularly paid in lengthening life, is well known.

It has captured the heart of New Zealand. It appeals to the kindness of the people and their sense of justice, and is undoubtedly the most popular of all the splendid measures carried by the Liberal movement.

Yet it was the most bitterly contested of all, not excepting even the graded-tax, Government loans, land-resumption, or the arbitration bill. They were all hotly fought, but the temperature rose to white heat when it came to old-age pensions. The graded-tax and land-resumption affected chiefly the big land owners; Government loans hit the money power; arbitration was distrusted by a considerable body of employers; but all these people and many others were involved in the taxation that might be necessary to meet the pension disbursements.

Over 900 speeches were made against the bill in the first session, and over 1,400 in the last. Single members of the Opposition exploded more than ninety times against the measure, saying anything they could think of to consume time and wear out the Liberal majority. The members manifested a little of the volcanic energy of the geyser regions, and speeches grew in the Parliament as fast as rabbits and sweetbriar in the country. To win the day the grand Premier and his supporters, refusing to adjourn, "sustained the strain of a continuous session from Wednesday till Saturday night, when the Opposition finally gave way, and the bill was passed by a handsome majority."

The Liberals stood by it for the democracy and equalization and sympathy in it. The working people desired it for its freedom from the taint of the dole. Only the rich men opposed it whose land and income taxes were likely to be intensified to provide the funds for pensions. "Those best able to bear it," the Ministry said "will have to contribute in proportion to their income and position to this old-age pension fund." They thought the graduated land-tax and the customs duties on luxuries might be "earmarked" for the pension fund. Even without these candid statements the monopolists saw

clearly enough that their wealth would be called on for annuities to be given the working people who had helped to create that wealth, and they fought the measure with all their strength.

They said it would burden the Colony needlessly and increasingly, sap the springs of thrift and self-reliance, tax the thrifty for the benefit of the improvident, and subject poverty to degrading conditions. Workers should save for their own old age. The Government might contribute a little, but not relieve the workers of the necessity of saving for themselves.

Wm. Rolleston, one of the ablest of the Conservatives, said that the bill failed to separate the deserving from the undeserving, the industrious from the thriftless, and proposed an amendment "establishing pensions on a contributory basis and making provision for the supplementing by the State of annuities and allowances earned either in the Government Life Insurance Department, or in any approved friendly society, trade-union, or other organization." This was the main plea of the defense. Their leaders did not take the ground that no pensions should be given, but they stood out for a contributory scheme that would reduce the relief afforded by the State to a mere trifle compared to the outgo under Premier Seddon's plan.

Captain Russell, the political leader of the Opposition, said: "The Premier spoke of New Zealand's being in the van of civilization. I admit that we have traveled very fast, and that we are benefiting by the course of legislation and the experiences which have been gained from all parts of the world, but I do not feel sure that we can properly boast ourselves, notwithstanding our Liberal experiments and our public institutions elected by all classes of society, wiser than the rest of the world. I think every one will agree that it is extremely desirable that there should be some form of provision for old age, but we cannot take away the principal incentive to thrift and self-reliance without injuring the people. The principle of taxing the frugal and industrious to provide gratuities for the reckless and improvident is a wrong one. It is a system of forced benevolence toward those who, whatever the Premier may say, are amongst the least deserving of our people, by their being supported out of the hard-earned savings of the self-denying portion of the population"<sup>24</sup> (the great landowners and corporations?).—In the Senate<sup>25</sup> an opposing member said, "I feel that this bill will bring great disaster on the Colony. We cannot maintain the expenditure."

Some declared that only dissolute and drunken loafers and professional paupers would avail themselves of the law. The fact is, however, that this class is expressly excluded by the act, and the very few such persons who have attempted to get pensions have found the way completely barred. Of the fifty applicants or more that Mr. Lloyd saw examined he says that "only one could have sat for the

<sup>24</sup> New Zealand Parl. Debates, vol. 103, pp. 540-1,575-6.

<sup>25</sup> Ibid. Vol. 105, p. 337.

portrait drawn by the opponents of the bill, and he was peremptorily rejected," and a survey of the data from all the districts makes it clear that the great body of pensioners are of excellent character, as we have seen.

In respect to the assertion that the act would tend to destroy thrift and demoralize the working classes—that the workingman would say to himself, "There is no need to save—I'll get a pension anyway," the friends of the measure claimed that the law would encourage saving and promote thrift instead of destroying it. "The pension," said Mr. Reeves, "is more likely to induce the poorest to lay by a few pounds to supplement the State's allowance by, say, the purchase of a little annuity, or to continue to earn some small wage for the same purpose, than it is to incite them to waste their last shilling because, forsooth, when they come to 65 they are to be recipients of a shilling a day." "There is now," said the Premier, "something for the aged worker to hope for. He or she can say, 'If I keep on till I am 65 I shall have an old-age pension.' So they struggle along, and sobriety and virtue are encouraged. Under our previous system there was no hope, and weak workingmen or workingwomen took to drink, theft and vice. The others worried on, but in despair, with no energy, breaking down." It is certain that the pensioning of public employees has not discouraged reasonable thrift on their part, and it is difficult to see how the moderate pensioning of other deserving workers could repress desirable thrift within the property and income limits of the pension act, or in most cases even beyond those limits; for there are few, who are able to save with justice to themselves and their families, who would not prefer to build up an independent property and have an ample income of their own in old age instead of relying on the meager support afforded by the pension and the correlative income that may go with it.

To the oft-repeated and most overworked argument of the Opposition, that workingmen should save up enough for old age during their working days, the conclusive reply was that a worker with a family needs all his income for present expenses. He earns perhaps \$1.50 a day. One-third of it goes for rent. With five or six mouths to feed, clothes to buy and shoes and school books, doctor's bills to pay, and idle days or weeks now and then very likely in dull times or between jobs, how can he lay by anything for old age? After his children grow up he may be able to save a little and he should be encouraged to try to make full provision for his later years, but if he fails under the conditions of modern industry his title to relief is clear, and that relief should be in a form that is free from the taint of charity, and consistent with a manly independence and fraternalism, as the right of a retired copartner to a share in the profits of the great firm. The Liberals dwelt with force on the ups and downs and inevitable accidents of life, the uncertainty of investments into which the people are tempted to put their small savings, the inroads of sickness and lack of employment eating up the savings of the poor, and the recurrence of periods of contraction and depression, to which all countries largely occupied in growing raw materials for Europe, are especially liable.

Even the desirability of saving was questioned in the case of a poor

man with a family. As Mr. Reeves puts it: "The question is whether amongst the poorest wage-earners, thrift (in the sense of saving) is a virtue or not. It is one thing to teach a workman earning less than 30 shillings (\$7.50) a week to spend his pittance wisely, another to induce him to hoard it." It is a better form of thrift in a father to raise his children in comfort with a good standard of living, than to scrimp and cramp their lives to lay up a few dollars in the bank. Money is for life, not life for money.

To the plea that pensions should be given only to those who had contributed for a series of years on some insurance plan, the Premier replied: "All our aged Colonists have contributed." And he showed that property throughout the Colony had been enhanced in value 100, 200, 500, sometimes 1000 per cent, by the roads and railways, farms, and settlements built by these old settlers, and paid for largely with public funds on which they had helped to pay interest. Every one who had been a part of the constructive and developing force of the State was a factor in the creation of the Colony's prosperity, whether he labored directly on any public work or not. Besides, no German scheme of direct contribution could meet the needs of the case. Persons now old, who in the prime of life paid taxes and helped by their labor and skill to open up the resources of the country, are entitled to a pension now. It will not do to say: "They must contribute," They cannot contribute any more than they have. "The days of their youth and the days of their earnings are gone,"<sup>26</sup> as the Premier said. And it is not kind to require them to be born again after the law is passed so as to come in under a direct-contribution plan.

Even with those who have still time to make the insurance payments, it is clear that to limit the pensions to those who succeed in getting and keeping up the required insurance, would be to refuse aid to those most in need of it and often quite as deserving as any of the more fortunate. The act recognizes the contributory principle—it leaves the pensioner to secure \$170 of the \$260 it wishes to help him obtain;—but it does not limit its aid to those who have a private annuity of their own, because the contributory principle goes deeper than any annuity insurance, and affirms that a life of useful toil, or the raising of healthy, intelligent, industrious children, is quite as valuable a contribution as the payment of money in premiums, and because, in addition to the contributory principle, it recognizes also the principles of justice, brotherhood, and humanity. "Those who have fallen in the struggle of life have a claim upon their fellows," said Premier Seddon. "It is against all natural and economic law that favored and successful persons should have every luxury within their grasp, while other men and women look forward to old age with feelings of anxiety, fearing that, owing to circumstances beyond their control and the infirmities of age, they will not be able to make their living."

"Some years ago," said the Premier in his closing speech, "when a quarter of a million was asked because Providence had sent disastrous snow storms in the North Otago and Canterbury districts, destroying

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<sup>26</sup> *New Zealand Parl. Debates*, vol. 103, p. 572.

large quantities of stock and causing much loss to the flock owners, this Parliament passed legislation in two days which gave relief to that extent. We allowed a reduction to the extent of £400 (\$2000) a year in some cases to our Crown tenants. As disaster had overtaken them we relieved them of their obligations. Disaster has overtaken many of the aged of our Colony; they have fallen in the industrial struggle. The State has a perfect right to relieve them by granting them pensions."

This was the last word of the debate. A vote was taken, and the bill was approved by 25 to 15.

On the whole the New Zealand Act has been hailed as a great advance by thoughtful people all over the world. Here and there, however, opposition has manifested itself, and sometimes sought to prejudice public opinion by unscrupulous and entirely baseless charges. For example, in the *London Times* there appeared, in October, 1899, anonymous charges of corruption against the New Zealand Government and the officers entrusted with the working of the pensions act, because of the large proportion of pensions granted in Westland, the constituency of the Premier, and in four cities of the Colony. The inference was that these districts were corruptly favored, because they supported the Government. The truth was, however, that the four cities were just the parts of the Colony where the Liberal Government was weakest, two-thirds of the members from them being in opposition. The high ratio of pensioners in the Premier's district results from the fact that it is an old gold-field which for many years has been gradually failing, so that numbers of diggers and others more or less dependent upon them have come to want. New Zealanders of both parties and thoroughly acquainted with the situation, regard the integrity of the magistrates entrusted with the granting of pensions as above reproach. And even if there were corrupt judges here and there it would prove nothing against the principle of the pension law, but only that honest judges should be put in their places.

In the debates on the amending acts of 1900 and 1901, after some years of experience under the pension law, it was admitted all round that the act had come to stay. The Opposition criticised the cost, which was greater than the original estimate; declared that many of the pensioners had been spendthrift and careless; that there was no sufficient safeguard against imposture; that pension money was being wasted in drink, and that wealthy children took advantage of the act to transfer to the State their duty of maintaining their parents. The real force of these criticisms was that the act stood in need of amendment, which was exactly what the Liberal Government was attempting to accomplish, and did accomplish, as we have seen. Captain Russell stuck to the idea that old-age pensions would discourage thrift, and stood by the party's old counter scheme of contributory insurance.

At the other extreme from the Conservatives, with their plans of limitation and curtailment, stood the Radicals and Socialists, urging the widening of the law to a free and universal system. In spite of the Socialists' motto, "To each according to his need," they want everybody, rich or poor, to have a pension.

The same demand is made in New South Wales, and the case is strongly put by the *Sydney Bulletin*. It enumerates the restrictions of the pension law as to character, residence, etc., and the deductions on account of property, and declares that "most of the deductions are direct penalties for thrift" (a view quite opposite to the Conservatives' contention that it is the pension, not any deduction from it, that is likely to discourage thrift). The *Bulletin* continues:

"In a hundred years' time people will probably lay down their history books to marvel that men were ever so barbaric as to put such restrictions on the means of life and comfort in old age. Just now the Old-Age Pension idea is new. In a little while the view will broaden. The whole tenor of the proceedings, both in Victoria and New South Wales, shows that those who are administering the act, regard it as another form of charitable relief, and granted as a benevolent favor by the taxpayer, which is utterly wrong. There's no charity in it. It's a provision made by the whole community for the whole community's old age. It is old-age endowment without a costly system of bookkeeping to ensure that each member of the community shall pay his full contribution and no more or no less. If the pensions are paid out of the revenue and spent in the country, the necessary taxation to raise the means to pay them will lose half its sting. Every man, pauper or millionaire, is entitled to an Old-Age Pension from the State if the whole community is taxed to raise the money. Therefore, let him have it, and let the scheme be what it was intended to be—a system of National Old-Age Assurance."

This argument would sweep away all character restrictions, as well as property limitations, and base the pension right on the fact of having been taxed to help provide the pension fund, "the State collecting from each a premium according to his means, on the understanding that he shall be insured against want and privation in his last days."

The Liberal Government in each progressive colony has taken a median stand, between Conservative retrenchment on the one hand and the Socialists' plan of universal pensions on the other. It has not attempted to construct the pension system on a plan appropriate to a time a hundred years in the future, when competitive institutions may have ceased to exist and men may all be worthy coöperators; it has simply tried to meet the *need* of the people with as little burden and expense as may consist with a reasonable fulfilment of the purpose, and the success of its efforts is attested, not only by the enthusiastic support of the great mass of the people, but by the fact that, after nearly four years of operation, surviving criticisms are directed almost wholly to details and restrictions, there being practically no antagonism to the principle of the law.



## CHAPTER 68.

### THE CAPTURE OF THE SENATE.

One of the greatest obstacles the Liberals have had to contend with is the Senate, or "Legislative Council," as they call it. Many a time it has held up a progressive measure for one, two or three years. It took a four-years' battle with the Upper House to pass the bill for compulsory resumption of bloated estates. Local option on the land-tax was rejected three times by the Senate. Twice it defeated industrial arbitration, and old-age pensions. Woman suffrage, the perpetual lease with periodic revisions, and other Liberal measures were also turned down by the Council. In a recent debate in the House (on the Referendum Bill, 1901) a member said: "There was a time when the principal employment of the other Chamber was not merely to revise our bills but to consign them to the waste-paper basket. The Land Act, the first Electoral Bill, etc., etc., were thrown out during the first session I was in the House (1891). I think no policy measure of the slightest importance passed this House that was not rejected by the other, and as a result a huge mass meeting was held in Wellington to protest against the action of that Chamber."<sup>1</sup>

The members appointed for life by the Governor "on behalf of Her Majesty" were naturally conservative, and the Chamber was out of touch with the people. In the early nineties, while the House and the Colony were strongly Liberal, there was scarcely any representation of Liberal views in the Senate. The Ballance Ministry appreciated the situation at the start, as is shown by the law of 1891, enacting that Senators appointed after that date should have a seven-year term instead of a life tenure. They may be reappointed when the seven

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<sup>1</sup> He added: "The Upper House now (1901) I am told is no longer standing in the way of the wishes of this Assembly." This appears to be true, as a rule, yet owing to peculiar circumstances stated in the text, the Senate turned down the very bill the member was then discussing.



years are up, but the fact that they go out at the end of seven years unless reappointed affords an opportunity for the injection of new blood every few years and brings the Senate into closer accord with the people.

As the members already in the Senate when the law was passed were not affected by it, but continued to hold for life, no immediate house-cleaning was possible under this law, unless the mortality of the Upper House should be increased in some way. As we discovered earlier in this history, Ballance obtained the appointment of twelve new members in 1892. Whether this injection of Liberalism was intended to have that effect or not, it probably did act as an irritant, lifting the death rate in the Upper House through the additional facilities afforded for concussion of the brain, and disturbance of the circulation, etc., by the development of temper in debate. At any rate the Senators died off so fast that while there were only a dozen or so Liberals out of 44 Senators in 1892 after the infusion of new blood, and 17 in 1894 that had been appointed under the Liberal administration, the Government obtained a majority in the Upper House in 1899, and now (1901-2) 26 members are Liberal appointees,<sup>2</sup> against 18 of the old regime.

As the general election of 1899 gave the Liberals 52 members in the House of Representatives against 22 for the Opposition, the Progressive control of the Government became so strong that it looked as tho they would not have to work an expansion policy on the Senate, or wait two or three years for laws the people want now, or even perhaps sit up all night to pass a Liberal bill. There are different degrees of progressiveness, however, among the Liberals themselves, as is shown by the Senate's rejection of the Referendum Bill in 1901 by a vote of 29 to 1 after it had passed the House by an overwhelming majority. But this bill has a peculiar relation to the personal sensibilities of the Upper House since one of the

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<sup>2</sup> Altho the appointments are made by the Governor it is thoroly understood that he is to appoint the persons designated by the Ministry, and the Premier does not have men appointed who appear likely to obstruct the work of the representative Government and the will of the people. Here and there in the Parliamentary proceedings members ask the Premier "whether he will in making appointments to the Legislative Council remember the claims of Southerland" (or some other district) "to additional representation," or "if in making further calls to the Council he will consider the claims of the medical profession to more representation," or "will appoint men recommended by the Agricultural Association or the Trades' Council?"

earliest uses likely to be made of it is the submission to the people of the question of abolishing the Senate altogether.

The senior member of the Legislative Council is Mr. Bailie, appointed in 1861, and still serving out his life sentence in the Senate. Sixteen of the present members were appointed in the sixties, seventies, or early eighties—twenty to forty years in the Council—and as a rule a man is well advanced in years before he gets into the Senate.

At present the Government is not making new appointments as vacancies occur, and there is some talk of letting the Upper House die a natural death. Instead of securing a judgment of capital punishment, or amputating the Senate from the body politic all at once, it may prove a less painful operation to let Father Time amputate one cell at a time.



END VIEW OF THE PARLIAMENT BUILDINGS.

## CHAPTER 69.

### IMMIGRATION CAREFULLY GUARDED.

To shut out cheap foreign labor and other undesirable immigrants, the Immigration Restriction Act of 1899 provides that, except so far as modified by action of the Governor in Council, no person (other than one of British birth or accredited by a foreign Government, or a seaman going out again) shall be allowed to land unless he writes and signs an application in some European language. Persons contaminated with idiocy, criminality, or other contagious disease are excluded even if they make application in every known dialect. A person violating the act is subject to a penalty of \$500 and liable to removal from the country. The master and the owner of the vessel in which he comes are severally liable for the \$500 and the expenses of said removal.

New Zealand welcomes immigration adapted to democratic institutions and 20th century civilization, but desires no adulterated goods. She will not pollute the stream of life in the new world with the refuse of the old, nor dilute her civilization with inferior stock, nor lower the standard of comfort with low-grade labor; nor imperil her progress and her freedom by the influx of immigrants unfit for self-government.<sup>1</sup>

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<sup>1</sup> All the Australian colonies have enacted drastic restrictions on immigration, and the Commonwealth in 1901 decided to insist on a reading and writing test for all immigrants. Premier Barton dealt with the matter at the outset of the first Federal session. Fifty words are to be dictated to and written by the immigrant in a European language. The law prohibits the bringing in of laborers under contract to do any work in the Commonwealth, except skilled workmen of special knowledge and crews of vessels intended for Australian coasting trade, the latter to be paid the wages current in colonial waters. It has also been provided that the Kanaka laborers (blacks employed on the sugar plantations of Queensland) must go after 1906. The Australians are determined to wipe out the black spot on their map. They will have a "White Australia," cost what it may.

The work of excluding Asiatics and colored people began as soon as the colonies got self-government. In 1855 Victoria enacted that a shipmaster must deposit \$50 for every Chinaman he landed there. Other colonies fol-

The law was aimed chiefly at Chinese immigration, which is intensely obnoxious to all the Anglo-Saxon Colonies of Australasia. It has been said that the Chinese are an "industrious, peaceful, frugal people, with a civilization, learning and education of their own." The reply is that Chinese immigrants are admitted by all observers to be utterly unfit for political rights in a democracy. They have no conception of free government and civic responsibilities. They rarely become citi-

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lowed this example. In 1888 official figures showed that 4500 Chinese had entered New South Wales in twelve months. There was a panic. The poll tax was raised from \$50 to \$500, and the tonnage ratio from one Chinaman to a hundred tons to one for each three hundred tons. The Chinese arrivals fell to 9 per annum. Victoria (1888) raised the tonnage to five hundred tons per every Chinese passenger with no poll tax. This did not prove as effective as the Act of New South Wales. In 1895 a conference of the Australian Governments was held at Sydney, the outcome of which was another batch of exclusion laws in 1896, aiming at all colored aliens, Asiatics or Africans. These laws were reserved for consideration by England and did not receive the Royal assent. The Secretary of the Colonial Office, Mr. Chamberlain, took the ground that for the future exclusion laws should not be aimed at any nationality, but at undesirable persons generally. The Natal law of 1897 followed his suggestion, and has since been copied more or less completely by the Australian colonies;—it excluded: (1) Any person who fails to write in some European language an application for admission. (2) A pauper or person likely to become a public charge. (3) An idiot or lunatic. (4) One having a loathsome or dangerous contagious disease. (5) One convicted within 2 years of a serious non-political offense. (6) A prostitute or person living on the earnings of prostitution. The New Zealand law omits the second and last, and stipulates that the writing test shall not be applied to persons of British birth. Tasmania omitted the sixth clause. New South Wales struck out five of the six clauses, leaving only the first. West Australia enacted all six clauses, improving on the first by *requiring immigrants to write fifty words in English dictated from some British author.*

In their restriction laws the Australian colonies have in part followed the lead of the United States. Our laws exclude Chinese, paupers, criminals, polygamists, contract labor, and persons suffering from loathsome and contagious diseases. The provisions of the law of March 3d, 1891, have shut out many thousands, yet floods of immigrants still pour upon our shores, and the average quality grows worse and worse. The pressure of overcrowded populations, of severe military requirements, of distressed labor conditions, etc., on the one hand, and the prospect of good wages, homes, and freedom in America on the other hand, drives and draws hundreds of thousands from Europe to the United States, and as the cost of transportation falls the immigrants come from lower and lower strata in Italy, Hungary, Russia, etc., to the serious complication of our already difficult industrial and political problems.

In the early days it was comparatively difficult to cross the ocean. It required energy and enterprise in the immigrant to save the needful money, make the long journey over sea and establish himself in an unknown land. There was a sort of natural selection, or sifting by obstacles, and we got good material. But now the transfer has become so easy that the immigrant steamers are tapping lower strata than formerly. Forty years ago 90 per cent of our immigrants came from Northwestern Europe, and less than 1 per cent from Southern and Eastern Europe. Now, only 20 per cent come from Northwestern Europe (United Kingdom, France, Germany and Scandinavia), while nearly 80 per cent come from the lower classes of Southern and Eastern Europe (Spain, Portugal, Italy, Austria-Hungary, Poland and Russia). That is, our low-grade immigration used to be about one hundredth of the high-grade immigration, whereas in 1901 the low grade was three times, and now (1902) it is estimated at four times the high grade. The immigrants from the Southeast are ten-fold more illiterate and three-fold more criminal than those from the Northwest. In 1901-2 nearly 30 per cent

zens. They take no interest in political affairs and have no knowledge of them. Their civilization was arrested ages ago, their education petrified, their learning confined to a handful. They do not bring their women; they seldom marry; they have no family responsibilities, no social interests, no capital, no knowledge of English. They will live in hovels and scorn sanitation. They are unclean, conceal con-

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of our total immigrants over 14 years of age were illiterate, and only 15 per cent had any skilled trade. And we are getting about a million a year of such material, mostly unfit for republican institutions and difficult to assimilate, especially when the immigrants gather in little Italies, Russias, and Hungaries, keeping their own language and customs to a large extent.

A recent study of Chicago by C. D. Buck, of the University of Chicago, shows that there are in that city 500,000 speaking German, 125,000 speaking Polish, 100,000 Swedish, 90,000 Bohemians, 50,000 Norwegians, 50,000 Yiddish, 35,000 Dutch, 25,000 Italian, 20,000 Danish, and 67,000 more speaking various foreign languages. There are only three cities in the German Empire that contain as many German-speaking people as Chicago. It is the 3d Swedish city in the world; the 4th Polish city; the 3d Norwegian city; and the 2nd Bohemian city. Forty distinct languages are spoken by the foreign colonies in Chicago, not counting dialects. More than half the population of the city speak a foreign language—not because they have learned it as scholars, but because they were born to it, and have not yet become sufficiently Americanized to use the English language.

Twenty years ago or more after reading in "Our Country" Dr. Josiah Strong's powerful discussion of the dangers of low immigration, the present writer suggested that if in addition to the ordinary conditions of character, health, etc., immigrants were required to read, write, and speak ordinary English, the provision would act as an automatic selection of the fittest, as the obstacles of former years did. Men and women of sufficient energy and intelligence to get a working knowledge of English before leaving Italy or Russia would probably make good citizens, would be open to the ideas and influences of their new home, and would not be so likely to gather in the alien clots that offer such resistance to civic digestion and threaten a serious case of national dyspepsia.

An educational test, much less vital than this, but still of great value, is being advocated by the Immigration League (Prescott F. Hall, Secretary, Boston, Mass.), with some powerful backing in Congress. But it is not likely to be enacted. The steamship companies, and the railway, mining, and manufacturing interests that want cheap labor, are too strong. It might be wise, not only to enact a strong educational test, but to require immigrants to live in this country 21 years before voting, the same as our boys have to do. Thorough identification of interest and understanding of conditions, are essential to good citizenship as well as education.

The tangle of our black inhabitants cannot be so easily unravelled as Australia's. Education and industrial training, however, can do much, and the cause of political justice and real harmony may be aided by a gradual readjustment of locations—the whites moving slowly North and West and the blacks gravitating South to form a group of black states round the gulf in which they may at last achieve self-government, or the blacks might be thinned out all over the South by diffusing the excess in the North and West, or aiding the settlement in Cuba of those who are willing to go. Cases are on record of the changing of black men to white apparently through the forage of some sort of innocent microbe that eats up the pigment in the black skin. If the means of making this transformation at will could be discovered it would be interesting to see what could be done through a wholesale erasure of the color line. It is clear, however, that even so great a superficial change as this could not banish the thieving indolence, immorality, and insolence of the lower grades of negro in the South. Only education, intellectual, moral, and industrial, and economic energy and independence can make the negro efficient, honest, clean, and fit for civilized life, or give him actual possession of the political rights accorded him by the Constitution.

tagious diseases from the authorities, and are a menace to the public health. It is true that they are industrious, but that is not enough. A man may be industrious and yet be dirty, miserly, ignorant, a shirker of social duty, a source of weakness in the civic life, and a danger to the public health. All these most of the Chinese immigrants are. Moreover, their low plane of living makes even their industry a curse instead of a benefit. The white workman is expected to be clean and comfortably dressed; to marry and have children, to be well fed and clothed and educated; to have a home that will be a credit to the neighborhood, to read books, magazines and newspapers, take part in the social life of the community, and give a reasonable amount of time and intelligent attention to public affairs. To accomplish this he must have short hours and good wages. But in many trades that do not need much intelligence, but only good staying qualities—something alive that can keep moving—the Chinaman without family, or social or political interests, or even a stomach that calls for good food, can keep at work 16 hours a day and live on 8 or 10 cents' worth of rice in two meals a day, and be as fresh in the 16th hour as he was the first. His competition is unfair.<sup>2</sup> He degrades the standard of living. In trade his ideas are undercutting and deceit. He comes only to extract what he can from the Colony and take it back to China. After scraping up two or three thousand dollars he goes home. At one time the returning Chinese were taking an average of more than a million dollars a year from the Australian Colonies. They are an injury to us in every way, and all classes of our people are agreed in desiring their exclusion.<sup>3</sup>

New Zealand began the work of exclusion in 1881, when an act was passed imposing a tax of \$50 on each Chinaman landing in the Colony. There were 5000 Chinese in the

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<sup>2</sup> Edward Reeves says: "The New Zealander knows too well that the almond-eyed, wooden visaged, man-machine of the 400,000,000 race at his door, untiring, sober, healthy, cheap to feed as a Spanish mule, can do excellent work at some trades for 16 hours a day and be as fresh and contented on the 16th as on the 8th; and he cares as little to find out whether 8 hours really give better industrial results than 10 or 12 or 16, as to ascertain how many generations and how much expenditure of human life and soul would suffice to produce a New Zealander like that common Mongolian workman. He simply puts his foot down and decrees: 'The man who is determined to work more than 8 hours must go elsewhere, or we shall pass a law to compel him.'" (*Westminster Review*, vol. 144, p. 636.)

<sup>3</sup> Condensed from various New Zealand statements and writings, chiefly those of W. P. Reeves.

Islands when this act was passed. In 1882 only 23 more came in. The act appeared to be effective. But later the influx rose again to two or three hundred a year. In 1888 it was provided that no vessel should bring more than one Chinese passenger to each hundred tons.<sup>4</sup> In 1896, after a struggle with the Legislative Council, the Seddon Government succeeded in raising the poll tax to \$500. Three years later Parliament enacted the general restriction act cited at the opening of this section, establishing a reading and writing test in a European language. The law of 1896 is still in force however, and even if a Chinaman gets in under the law of 1899, by action of the Governor in Council, or by writing an application in some European language, he must still pay his \$500 admission fee.

Distance and cost have so far protected New Zealand from any large amount of immigration from the lower classes of Italy, Hungary, and Russia. There are some indications however that this immunity may not last, and if it does not, there is so strong a disposition to prevent deterioration of the average citizenship and labor level, that no matter where it comes from, low-grade immigration would probably be resisted by law.

To some most excellent people in both hemispheres it seems unjust and cruel to shut the door against a man because he is ignorant and penniless and undeveloped. But the great majority of thoughtful persons regard the matter as a choice of evils, and believe it a lesser evil to limit the locomotion of the unfit than to imperil the civilization of the more progressive countries by an inundation of low-grade life. A *family* does well to be careful about the sort of people it admits to daily contact and intimate association with its children. And a *nation* may wisely exercise a similar care. A country has as much right to protect itself against inroads of destitution,

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<sup>4</sup> About a hundred Chinese from the steamer *Afghan*, who had been refused admission to Australia, were landed in New Zealand. Fearing the continuance of throwing on their shores cargoes of coolies shut out from Australia, the Government by order in Council resorted to the device of proclaiming the Far East and the Malay Archipelago *infected* countries. This gave them power to detain in quarantine all ships coming thence. No use was made of the invention, however, and Parliament was content with the tonnage amendment noted in the text.

The number of Chinese in the Colony fell to 4,444 in 1891, and to 2,846 in 1901, of whom 31 were females. Only 75 Chinese (74 men and 1 woman) came to the Colony during 1901, while 145 (140 men and 5 women) left.

ignorance, immorality, or unfit material for advanced civic life, as it has to guard against inroads of adulterated goods, pauper-made commodities, sweat-shop labor, contagious disease, or any other bad influence. It is quite as important to exclude moral and intellectual diseases as physical diseases. Men and women saturated with the ideas and habits of thought and feeling appropriate to despotic institutions are quite as dangerous in a democracy or republic as the smallpox. A flood of undesirable humanity is a much more serious problem than the importation of a mass of undesirable merchandise. The condition of the lower classes in the old world is pitiable, but even if they go in crowds to a new country, the space they leave soon fills right up again with the same sort of social molecules or cells, and the principal effect is the degradation of the new country. The immigrants form little Asias, Italies, Russias, etc., in the midst of Anglo-Saxon states, keeping their language and customs in large degree, huddling together in hard, indigestible lumps that threaten the new world with civic indigestion and political and industrial ailments, both acute and chronic. A famous clergyman<sup>5</sup> once said that if a lion eats ox, the lion does not become ox, but the ox, lion. That is true if the lion eats in moderation, but if he takes in ox a good deal faster than he can digest it, he may become a very sick lion, or even cease to be a live lion at all.

A state like New Zealand, that aims to secure work for the unemployed, and pays pensions to the aged poor, has special reason to exercise care in selecting those it takes into the partnership, and for whose well-being it becomes responsible. New Zealand claims the right to exclude from her Association all new comers who do not seem calculated to make reasonably useful members of it—the right to keep her soil for men fit to be free and self-governing—the right to prevent the lowering of her standard of life.

Immigrants of the right sort are gladly received in New Zealand.<sup>6</sup> Nowhere can men and women of energy, sense,

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<sup>5</sup> Henry Ward Beecher.

<sup>6</sup> One of the causes of New Zealand's great success and rapid progress lay in the Wakefield plan of selecting and assisting immigrants in the early days, as we saw in the chapter on Colony Building. Somewhat similar methods were again extensively used in the seventies under Vogel's Public Works and Assisted Immigration Policy, and were continued in operation more or less for



and character find a more hearty welcome or a better chance for acquiring a home and a competence. But people left over from the Middle Ages are not wanted in the Up-to-Date Commonwealth.

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many years. But the practise of nominating immigrants to be brought out partly at Government expense was discontinued Dec. 16th, 1890, and there has been no free immigration since that time. Certain reductions in fares are, however, arranged by the Agent General in London with the shipping companies, for men with moderate means who intend to take up land and settle in the Colony. The attractions of New Zealand since the Liberal-Labor Party has been in control, are sufficient to draw many settlers without public payment of fares. From 1885 to 1891 the number of people who left the Islands was about 20,000 more than the number of arrivals. But in 1892 the excess of arrivals over departures was about 5000, and in 1893 (the year of panic in Australia and the rest of the world except New Zealand) the excess was over 10,000. The balance, tho smaller in subsequent years, has always been on the right side, and this year (1902) so many have come from Australia in consequence of the droughts in that unfortunate country, that the question of putting up a few more bars has been raised in the New Zealand Parliament.



## CHAPTER 70.

### OTHER IMPORTANT ACHIEVEMENTS.

It is not possible in one small study to deal with all that New Zealand has done or even bring into view all the important heights of accomplishment in the landscape of the past, but a few other summits must be sketched in before we leave the picture.

#### GOVERNMENT PURCHASE OF A PATENT.

Observing that valuable patents are sometimes held out of use by some powerful corporation with whose business they might interfere, and that they are frequently limited in their utility by the high rates charged for rights under them, the Government of New Zealand has inaugurated the policy of national ownership of important patents by appropriating \$50,000 to buy a cyanide patent for the reduction of ores in order to throw it open to the public at reasonable rates.<sup>1</sup>

#### GOVERNMENT INSURANCE AGAINST ACCIDENT, ETC.

In 1899 accident insurance was added to the Government's insurance business; and deduction from wages for accident insurance by employers was stopped by the "Wages Protection Act."

The establishment of Government Accident Insurance is of special interest. Workingmen had been complaining for years that employers subjected them to constant exactions for insurance which in many cases was of no avail to the employee. He might lose his job the next week, and, taking another place, find himself uninsured or subject to another deduction. On the other hand the employers considered themselves justified because they were only recouping themselves for the risk

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<sup>1</sup> See Official Year Book, 1898, p. 515; and the Cyanide Process Act 1897.

put on them by the Employers' Liability Act. This unfortunate condition of things was met by putting the Government into the accident insurance business and forbidding employers to make any deductions from wages on account of accident insurance and prohibiting insurance companies from receiving money from a workingman for insurance the benefit of which was to go to the employer.

In January, 1902, the Commissioner of the Government Insurance Office said:

"The benefits which the people have derived from the existence of the Government office are shown by a comparison of the rates ruling in this Colony with those in South Australia, where the business is solely in the hands of private offices. In South Australia the workers' compensation rates (premiums for employers' liability insurance) are in many lines double those ruling in New Zealand, whilst, as the benefits under the South Australian (Employers' Liability) Acts are considerably smaller than under the law of this country, the rates there should be the lower of the two."

The three companies doing accident insurance business in New Zealand have united to form a sort of trust or combine and adopted the rates established by the Government Office.

#### THE COMPENSATION ACT. EMPLOYERS' LIABILITY.

New Zealand began on this line in 1891 and '92 by improving on the English law of employers' liability, but these early efforts were eclipsed in 1900 by a law which gives the worker a right to compensation for accidents against employers public or private, and allows him to hold the sub-contractor, contractor, owner, and finally the property itself in or about which the work was done. Clearly a workman's life and health weigh more in New Zealand than buildings, mines, ships, or all the wealth and profits of owners and employers. The breadth and vigor of the measure have caused much excitement among large employers. The owning classes seem to be more stirred up about it than they have been over anything that has occurred since the arbitration act and old-age pensions. Even the farmers find this labor prescription rather unpalatable, and some of them don't want to take the medicine. I shall never forget the force with which a wide-awake ranchman from north of Auckland impressed upon me his view of this act. And whatever may be thought of the wisdom of

the measure there is no doubt that the statute justifies his emphasis:

The Act provides for compensation in all occupations where the sufferer is employed: (1) in any industrial, commercial, or manufacturing work which is part of the employer's business; or (2) in any mining, quarrying, building, engineering, or other hazardous work carried on by or on behalf of the employer, whether as part of his ordinary business or not. Even shipowners and farmers are within the act.

The Government, municipalities, and local bodies are liable in the same way as private employers.

A contractor's workmen may look for compensation either to the contractor or his contractee. They are jointly and severally liable. And where there is a sub-contractor, he shares the liability. Compensation is a first charge on a bankrupt employer's estate. In case of an accident in or about a mine, factory, building or vessel, the compensation is a charge on these properties from the time the accident occurs.

A worker cannot relinquish his right to compensation, and all contracts to that effect existing at the time the act came into force, were thereby determined. All accident insurance policies issued thereafter must contain only such provisions as may be approved by the Governor in Council.

In case a worker dies of any injury caused by an accident within the law, his dependents may recover \$1000 to \$2000, or if they were only partially dependent, they may have such sum as the court deems reasonable.

All questions arising under the law are settled by the tribunals set up under the arbitration act.

If a worker is injured by the *wilful act* or by the *negligence* of the employer, he may claim under the Compensation Act or outside of it for civil damages.

Injury caused by the worker's "*serious or wilful misconduct*" does not entitle him to compensation, nor does a "*trifling accident*," which does not disable him for a fortnight. If he wishes protection against such losses, he must get it, so far as the just principles of insurance permit such protection, by taking out insurance at his own expense. The interpretation of the limiting clauses of the Compensation Act is liberal, however, as is nearly all the work of the New Zealand courts. In a case heard by the Arbitration Court at Auckland in January, 1902, a worker claimed compensation for the loss of three fingers caused by putting her hand into machinery. Her employer said she had been warned not to do this. But the Court held that such negligence was a different thing from serious or wilful misconduct, and she recovered compensation.

October 3, 1902, an amendment was passed providing that the compensation to which a worker is entitled under the act in respect to his total or partial incapacity shall be a weekly payment not exceeding 50 per cent of his average weekly earnings. Such payment shall be

made during the incapacity of the worker, but shall not exceed \$10 a week, and the total liability of the employer in respect to such compensation shall not exceed £300 (\$1500). The act shall apply to workers in agriculture, which is defined for the purposes of this law as including horticulture, forestry, and the use of land for any purpose of husbandry, inclusive of the keeping or breeding of live stock.

It has looked sometimes as if a large part of the employers of the Colony were going to be up in arms against the Government about this legislation. It has been discussed in the Farmers' Union and the Trade Associations often with emphatic protest. Big manufacturers and wealthy farmers seriously object. If a plow or a threshing machine doing his work is broken by accident, the farmer expects to pay for it, but if a man doing farm work twists his arm or breaks a leg or is otherwise accidentally injured, the rural employer is not accustomed to the idea that he must pay. The thought that all damage incident to the business should be borne by the one who takes the profit of it, and on whose order and account, or under whose control the work is done, has already become more or less familiar to the owners of mills, employers of masons, carpenters, etc., in building operations, railway and mining companies, etc., and it may soon seem natural and right to extend the same principle to workers in the field. The discussions in the Farmers' Union have already led many farmers to take this view. And the result, as with the earlier employers' liability laws, is likely to be that a large amount of employers' liability insurance will be taken out, thereby diffusing the losses and burdens due to accidents to such an extent that they shall not rest with crushing weight upon any one. It is natural that employers' liability laws should have applied at first where complex machinery or other conditions of special danger beyond the control of the worker, or the negligence of other employees existed as additional reasons. And it is natural that New Zealand, with its unequalled care for labor, its earnest pursuit of justice, its tendency to equalize conditions and subordinate property to life, and its Government Accident Insurance Department as an additional motive, should be the first to extend the principle to its logical conclusion.

#### ELECTION DAY A HALF-HOLIDAY.

In 1900 it was provided that Election Day should be a half-

holiday. This is another step toward relieving the duties of citizenship from industrial pressure. In Massachusetts there is no holiday on election day except for the saloon keepers, and many a man loses his vote because he is working at a distance from his polling place, and does not want to leave his work, or knows his employer does not wish to spare him.

In 1900 and 1901 besides some new legislation partly noted already and partly to be noted presently, a number of important amending and consolidation acts were passed. For example—the laws relating to Government railways, industrial arbitration, factories, compulsory purchase, land for settlements, municipal corporations, post office, public trust office, etc., were revised and re-enacted in excellent form in consolidation acts, comprehensive, concise and admirably indexed by marginal annotations and preliminary analyses. The laws relating to agricultural and pastoral societies, Government loans, shops and shop assistants, mining, public works, protection of animals, etc., were amended. The old-age pension policy was developed and made permanent; electoral laws and employers' liability acts were revised and improved, and the establishment of State coal mines was provided for.



*The Big Waves and the Rising Tide.*

## CHAPTER 71.

### STATE OPERATION OF COAL MINES.

In New Zealand the shipping ring owns the principal coal mines, so that the coal ring and the shipping ring are in a combination-combine like the coal ring and the railroad ring of Pennsylvania. The result has been the same there as here, viz., exorbitant prices for coal. A committee of the New Zealand Parliament investigated the matter in 1899 and found that the "ring" had everything its own way. There was practically no competition in the business. Coal was \$9.25 a ton in Wellington. The committee found that the price could be materially reduced without interfering with wages or reasonable profits. They recommended "that the Government procure steamers for the purpose of conveying coal purchased by the Government at the ports of shipment" and "the opening of retail agencies under State control."

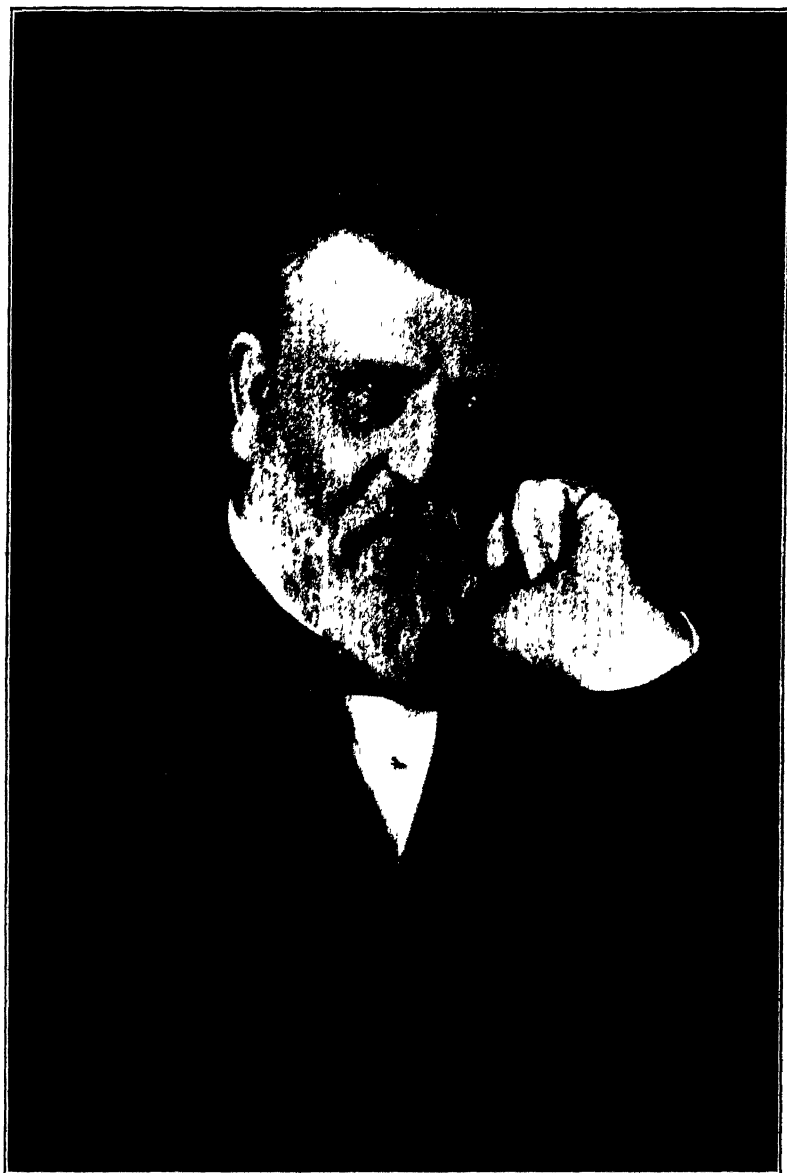
In the debate on this report Premier Seddon said: "The State can get screened coal for its tramways at less than \$5 a ton, and why should the workingman have to pay \$10 a ton? It will pay the State to buy coal and retail it at \$6.25 a ton."

He did not stop with State purchase and sale of coal, however, but went on to predict that "The time is not far distant when the State will be working its own coal mines. I do not see why it should not do that as successfully as it works the railways."

The very next Parliament passed an act in 1901 establishing State ownership and operation in the coal-mining business, and the Government, without delay, began prospecting operations at Seddonville, and also acquired possession of the coal lands formerly held by the Greymouth-Point Elizabeth Railway and Coal Company, and the partially constructed railway. In his statement to Parliament, July 8, 1902, Acting-Premier Ward said<sup>1</sup>:

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<sup>1</sup> New Zealand Hansard, 1902, vol. 120, p. 147.



*R. D. Seaton*

*This latest picture of the famous Premier was presented by him to the writer expressly for use in this book. The magnificent strength of the earlier pictures is here still, but softened and glorified by the fine intelligence that prints itself more deeply on the faces of great men each year they live—a truth the reader may find illustrated further by comparing the earlier and later pictures of Grey, Atkinson, Ballance, Reeves and others in this volume.*



"In the laying out and working of the State collieries due consideration will be given to safety, economy, and the efficient extraction of the coal with the least possible waste. To insure this it is absolutely necessary for the mines to be opened out on a systematic and comprehensive plan."

The Government is now opening mines in pursuance of this plan—constructing tunnels, buildings, and tramways, and bringing up the railways.<sup>2</sup>

In the debate on the State Coal Mines Bill, October 23, 1901, Premier Seddon told the House he wished it "to affirm that the time has arrived for the State to have its own coal mines. We have State railways, State steamers, State telegraphs, and we should have State coal mines. We can save 5 to 7 shillings (\$1.25 to \$1.75) a ton. The coal can be mined and put on the boats for less than 10 shillings (\$2.50) a ton, and the freight by steamer is 5 shillings (\$1.25) a ton, a total of 15 shillings, against 21 shillings or 22 shillings the Government has to pay the companies for coal, while private consumers are paying as much as 42 shillings (\$10.50) a ton for coal for the mining of which the collier gets but 2 shillings 10 pence (70 cents). The coal proprietors even took upon themselves to raise the price of coal half a crown per ton tho paying no more for labor or freight. Industries are stifled by the high price of coal. House rent and cost of fuel eat into the wages of labor. The companies limit the output and are not mining enough to fill the demand, so that we have to import coal from Australia, altho New Zealand has abundant deposits. There is an alliance with the steamship interest. When the coöperative men took the Mokilumi mine, supposed to be valueless, the Union Steamship Company charged them 6 pence to 9 pence more a ton from Westport to Wellington than it charged the Westport Coal Company. The matter has been before the members for years."<sup>3</sup> "The Government has brought

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<sup>2</sup> New Zealand Hansard, vol. 120, p. 170. Since this chapter was written a letter from Premier Seddon says: "The State Coal Mines have commenced operations."

<sup>3</sup> One of the most amusing and illuminating incidents of the debate occurred in a side discussion relating to this point. Mr. G. W. Russell, a Radical member, instead of discussing the Bill, devoted himself to abusing Premier Seddon, because he had not brought the measure before the House years before. Mr. Russell said that the Premier would get the credit for the Coal Mine Law, whereas he himself (Mr. Russell) had asked the Government as long ago as 1894 if it would not introduce a bill for the State operation of coal mines. The Premier, he said, was "an opportunist. He never takes a question such as the State Coal Mines or the Old-Age Pensions on his own

down the Bill deliberately and after the fullest information. We will first supply the State railways and other Government needs and then sell to private consumers."<sup>4</sup>

One member (Willis) said he had learned from a coal merchant that "There is a monopoly, and coal dealers have to sell at the price agreed on by the mine owners." If any reductions were made in freight or wharfage the price of coal was lifted enough to absorb the difference. "The Harbor Board of Wanganui, having £1,000 (\$5,000) profit, reduced the rates of wharfage on coal from 2 shillings 6 pence to 1 shilling, thinking the poor of the town and the manufacturers using steam engines, would get the benefit of the reduction, but they did not, for within a few days afterwards the price of coal was raised by the mine owners equal to the amount of the reduction in wharfage, and the whole of the £1,000 is now going into the pockets of the coal mine owners, while not a penny is going to the people of Wanganui."

The only speech in opposition was made by a coal mine owner, Mr. Allen, who frankly stated that he was largely interested in coal mining. He objected to the bill for the reasons: 1—That it would "give the Government more patronage." 2—That there were "no big profits in coal;" and 3—That the "State can't work as cheap as a private concern because of direct personal interest." He did not seem to be sure of this, however, for he said a little later: "The ultimate result will

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initiative. He waits till other men have educated the public mind; then he takes possession of the idea, carries it into effect, and takes all the credit." Mr. Russell thought the Premier altogether too slow, he said: "If the advanced section of the Liberal Party had been represented in the Government benches, the State Coal Mine proposal instead of being brought down in 1901 would have been brought down 5 or 6 years ago, and Old-Age Pensions instead of being introduced in 1898 would have been brought in at any rate in 1895 when the public mind was educated for it."

In reply the Premier showed from the Parliamentary records that in 1891 he had secured the passage of a clause (§ 60 of the Coal Mines Act, 1891) giving the Government the right to resume coal lands, on compensation to the owner or lessee, and to operate the mines subject to the sanction of Parliament by resolution. In the debate on that Bill Sir Geo. Grey had said that the Government should be authorized to work any of the mines, and work them on cooperative principles with the workers. That was four years before the Honorable member (Russell) came into the House. And earlier still Sir Geo. Grey's Bill sketching the functions of the State, included a measure for working a State coal mine, and the speaker (Seddon) had advocated it in 1879 and 1881 in the debate on that Bill.

Those who imagine that public affairs in New Zealand are in the control of Radicals anxious to shoot ahead of public sentiment, will find much food for thought in this discussion. The Liberal Government really represents the great middle class and not the extremists.

<sup>4</sup> Substance of the Premier's opening on the State Coal Mines Bill, N. Z. Parl. Debates, 1901, vol. 110, pp. 680-684.

be that if the State can compete and sell at a cheaper rate than can be done by private owners, the private owners will have to give in."

Mr. Millar stated that the Westport Coal Company's dividends were 7 per cent in 1898,  $7\frac{1}{2}$  per cent in 1899, and 8 per cent in 1900, and that it had been in the habit of opening up new mines and creating valuable properties out of working expenses. The Colony had vast coal beds, yet there was practically a coal famine in Christchurch and Wellington in the winter of 1900.

Mr. Ell, of Christchurch, said: "The bill contains an answer to a demand that has been made by the public of New Zealand for a good many years." . . . "The Government has no right to sell the minerals in the earth anyway; if a man buys land he has only a right to the surface."

In his closing the Premier said he was "willing to place the State mine workers under the Arbitration Act with some limitations. Care must be taken not to place the power of taxing the Government in the hands of persons not responsible to Parliament." In pursuance of this idea a provision was framed binding the State miners by the awards of the Arbitration Court in any case in which the Court so declares. This gives the State miners the benefit of any awards secured in cases brought by other mine workers, but does not authorize the State workers to take the initiative in an appeal to the Arbitration Court for an increase of wages, etc.

When the coal ring misbehaves in America and the price of coal goes skyward, a good President may do something as a weighty individual to aid a settlement, but the Government as such lies quietly by, or sends some soldiers to help the ring work its mines without the aid of miners who are so disagreeable as to insist on good pay and fair weighing. But when the coal ring in New Zealand misbehaves the Government goes into the business itself, owning and operating coal mines, and transporting and selling coal at reasonable rates.

There is an opinion by a Massachusetts court (*Opinions of Justices*, 155 Mass., 601) to the effect that the legislature could not authorize the opening of public fuel yards, the sale of coal and wood not being a public purpose in the opinion of the majority of the court. The ground of decision was that buying and selling coal did not differ from buying and selling

other commodities in general, and the judges thought it would be bad policy to open the door for the Government to go into mercantile business. In a strong dissenting opinion Judge Oliver Wendell Holmes, afterward Chief Justice of Massachusetts, and now a member of the United States Supreme Court, used these words:

"I am of opinion that when money is taken to enable a public body to offer to the public without discrimination an article of general necessity, the purpose is no less public when that article is wood or coal than when it is water or gas or electricity or education, to say nothing of cases like the support of paupers, or the taking of land for railroads or public markets."

New Zealand agrees with Justice Holmes, that the supplying of coal to the people at reasonable cost is a public purpose clearly within the sphere of Governmental activity. In fact New Zealand regards the Government simply as the People's General Agent to do any business for the people that the people want it to. And the tendency to State enterprise in any matter in the nature of a monopoly is one of the most marked characteristics of recent years.

It is the settled law of this country as well as of New Zealand that private monopoly is contrary to public policy, but "our Government aids and abets monopoly, thereby violating the fundamental principles of our jurisprudence expressed in statute and common law and constitutions and underlying them all," while the Government of New Zealand combats monopoly in the only thoroly effective way yet discovered, viz., by going into the business itself.

## N A T I O N A L

### Ownership and Operation of Coal Mines

Established to

Checkmate the Coal Trust and secure,

AT REASONABLE COST, an AMPLE SUPPLY

for public and private use

## CHAPTER 72.

### PROGRESS AND PROSPERITY.

For a dozen years the Common People have controlled New Zealand. In four full Parliaments the Liberals have held the House and the Executive Power, and tho the Senate has delayed many measures it has almost always yielded to the persistent pressure of the Elective Chamber or the voice of the people at the general elections, and since 1899 the Progressives have had a majority in the Council also.

Not only have the Liberal-Labor representatives of the common people ruled the Colony for twelve years, and been reëlected for three years more (Nov., 1902), but the power of Conservatism has fallen step by step and jolt by jolt as the Progressive institutions one after another have proved their utility and success, till the Colony has become so overwhelmingly Liberal that Conservatism has ceased to be a material factor and the real struggle is between the different degrees of Liberalism. The people who want to conserve<sup>1</sup>—to keep

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<sup>1</sup> In speaking of the Conservatives it must not be forgotten that many called by that name have manifested much progressive spirit in some directions. John Hall, for example, a prominent Conservative, was a leader in the woman suffrage movement as we have seen, and Wm. Russell, leader of the Conservatives in the House, supported compulsory arbitration.

Again the distinction between Liberalism and Radicalism must not be lost sight of. The ordinary Conservative mind is apt to confuse them and class all Progressives as Radicals. But the true Liberal is a man who combines high principle and love of progress with practical common sense. He advances by solving a succession of practical problems in civic and social justice—the Liberal statesman deals with existing evils and inconveniences in the spirit of the inventor, business manager, and humanitarian philosopher rolled into one. He looks far ahead but keeps his feet on the ground. He goes forward a step at a time with careful adjustments at every move to meet all practical difficulties, testing, molding, modifying as experience suggests.

The true Radical on the other hand is a man who sees one or two principles or grasps one or two thoughts with great intensity, but does not give due weight to other principles and facts, and misses therefore the true proportions and practical limitations of life and progress. He dwells on his one idea till he cannot do justice to anything else. He is impatient of limitation and wants to turn the steam on full blast at once, oblivious of the breaking of couplings and the danger of collision. He helps to educate others, but is not a trustworthy General Manager, Prime Minister, or President. A Radical or two located on each of the claims that need attention, make it

things as they are—no longer count; movement has come to be second nature and progress has become a national habit; the only question is in what direction the advance shall be and at how fast a pace.

Prosperity in most abundant measure has accompanied the development of Liberal institutions—a prosperity which in proportion to population is without a parallel. Every traveler in New Zealand sees it; official investigators from America, Europe, and the Australian States, attest it; Government reports and trade publications prove it; the literature of the Colony is full of it, and the Parliamentary debates and the newspapers are saturated with it. Down to the end of this year, December, 1902, the time for closing this account, New Zealand's wonderful prosperity has continued with every prospect of its abiding in the future. Australia has suffered from droughts and thousands have gone from there to New Zealand and to Africa, but New Zealand has no droughts and her prosperity is undimmed.

To say that prosperity has *accompanied* the development of Liberal institutions is to state but half the truth, for the *Liberal institutions have been a part cause* of the Colony's exceptional business success. The Liberal policy warded off the panic of 1893 and saved the banks in 1894-5. Industrial peace under arbitration, State loans at low interest, and the exemption of improvements from taxation, have greatly stimulated industry. The division and closer settlement of the land

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sure that the Liberal who looks all around him will not lose sight of any mine that ought to be worked.

The Radicals or Extremists have never ruled New Zealand; they want universal pensions—New Zealand established pensions for deserving need; they want all taxes abolished but that on land-values, and no one exempt from that—the Liberals believe in the income and inheritance taxes and the exemption of small men; the Radicals want free transportation—the Liberals think transportation at cost is as far as it is safe to go now; some of the Radicals want the nationalization of all the means of production and distribution—the Liberals are satisfied to nationalize gradually the great monopolies, establish mandatory arbitration, and encourage cooperative industry to abolish the evils of competitive struggle in the great field that must be left to voluntary effort and organization.

The Radicals of a country can never rule it for any length of time under democratic institutions and continue to be Radicals: for the practical difficulties of governing and transforming society will change them into Liberals, or even Conservatives sometimes, or else, if they persist in trying to go too fast for the time and place, the disgusted people will turn them out. The value of Radicalism, however, if it is not violent, is very great in an educational way. It almost always contains at least a part truth for the future. The truth in the Radicalism of one age becomes the Liberalism of the next and the Conservatism of the century following, and what seems Radical in one country may be only Liberalism in another and outgrown Conservatism in a third.

have increased its productivity. National railways and telegraphs have reduced the transportation charges to a minimum, and short hours, good pay, and excellent treatment of the workers, have added to the efficiency of labor. Care of the human machinery of production is more important even from a material point of view than care of the machinery of steel and brass, vital as the latter is.

This year, 1902, the surplus in the Treasury was \$1,350,000, besides \$2,500,000 spent out of revenue on railways and other public works. About 16 million dollars out of the revenues have gone into public works in the last ten years. For a nation of 650,000 to 800,000 people (exclusive of Maoris), at the beginning and end of the ten-year period, this is an excellent record—equivalent to a billion and a half out of revenue in the United States for the construction of works to be owned and operated by the people.

New Zealand's progress would have been worth while even if it had made her poor for a time. Individual reformers do not generally find any dividends in it. We are glad New Zealand has broken this rule. Gilt-edged progress is certainly attractive. New Zealand's Progress and Prosperity is far better than the Progress and Poverty Brother George found in other countries. If the progress is of the right sort and well balanced it is likely to improve the resources of the common people and of the community. Institutions that benefit society ought to pay. Moral, intellectual, and material advancement, individual and social, belong together, and there is a screw loose in any country where bad men can achieve riches by activities antagonistic to the public good, while good men often find it hard to get a competency.

#### THE SESSION OF 1902.

Premier Seddon has been away this year in Africa and England, to see what was the matter with the Boers that they should keep on fighting the English so long, and to represent New Zealand at King Edward's Coronation. An old Maori says the Premier put an end to the Boer conflict—"250,000 soldiers had been fighting in that war for two years," he says, "and had not settled it, but now that 'Dick' Seddon has gone there the trouble has been settled at once."

The following paragraphs from the proceedings of this present session may be of interest:

"Parliament was prorogued on the 8th November, 1901, to the 9th January, 1902; thence prorogued to the 13th March; thence to the 15th May; thence to the 12th June; and further prorogued to the 1st July, when it met for the dispatch of business.

"The *Council* met at half-past two o'clock p. m. Shortly afterwards His Excellency the Governor entered the Chamber and took the chair. A message was forwarded to the House of Representatives, desiring the attendance of members in the Council Chamber. The members of the House of Representatives, with their Speaker, accordingly attended.

#### Extracts from the Governor's Speech.

"HONORABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL, AND GENTLEMEN  
"OF THE HOUSE OF REPRESENTATIVES:—

"An Imperial Conference of the Colonial Premiers and representatives of the British Cabinet has been summoned to meet in London, and, as you are aware, the Premier of New Zealand is representing this Colony. Important subjects will be discussed there, and Parliament may be asked to pass such legislation as will be necessary to give effect to the decisions of the Conference in so far as they affect New Zealand.

"His Majesty having honored New Zealand by inviting the Premier to attend the Coronation ceremonies as his guest, Mr. Seddon proceeded to London by way of South Africa. . . . He reached London on the 14th of June. . . .

"Trade with South Africa has developed during the year, and I am happy to say that a considerable portion of it has come to New Zealand. . . .

"I am pleased to inform you that the Australian Commonwealth has agreed to admit New Zealand letters at the penny rate, and our penny postage system has thus within the British Empire become universal. . . .

"The legislation passed during the last session of Parliament creating a system of *Maori Councils* has been favourably received, and promises to be successful. The Native Minister has visited the various parts of the Colony and met large numbers of Maoris, placing before them fully the nature and details of the system. It is with pleasure I inform you that the relationship existing between the Europeans and Maoris is of the happiest description, and that the new legislation gives good hope of higher and more intelligent life for the Maori people. . . .

"Since the last session of Parliament I have visited various parts of the Colony, and am happy to inform you that upon all sides I found evidence of progress and prosperity of the people. . . .

"Notwithstanding many heavy and unusual items of *non-recurring* expenditures, and the *large concessions* made to the public in railway charges, Customs duties, and postage rates, the result of the year's operation has been satisfactory. The revenue has kept up, and a *substantial balance* stood to the credit of the Colony at the end of the financial year. . . .



"Measures will be submitted dealing with the electoral laws, so as to bring them more in touch with the existing circumstances of the Colony; they will include the *Referendum Bill*, which was passed last session by one branch of the Legislature.

"A Bill providing for *State fire-insurance* will also be introduced. . . .

"You will also be asked to consider a measure making provision for *aged and retired officers* of the *Railway Service*.

"*The labor legislation is working with reasonable smoothness*, considering the complex interests involved, but *some amendments* of a detail nature may be necessary.

"In the opinion of my Advisers the question of preventing *combinations* by which the prices of food-supplies are improperly raised to consumers is of importance, and should be considered.

"You will be asked to make provision for the important work of prosecuting the *trunk lines* of railway, as well as of carrying on other lines now in course of construction . . .

"The *timber industry* is active, but, to insure its permanency, further provision should be made for *tree-planting and forest-conservation*.

"Further provision is equally necessary for the *roading* of the lands to open up back blocks and assist settlement. Several estates have been acquired under the Land for Settlement Acts, and are being satisfactorily disposed of, and it is the anxious desire of my Advisers to do all in their power to make the settlements a success.

"Proposals on these subjects will be submitted to you, and in addition you will be asked to deal with measures relating to mining matters, the public health, the protection of young persons, company-law, and other subjects affecting the social and industrial welfare of the community.

"Commending the proposals of my Ministers to your earnest attention, I pray that, with the blessing of Almighty God, the results of your labors may be for the good of the Empire, and of lasting benefit to the people of New Zealand."

The next day the Minister of Railways gave the House the annual railway statement from which we have already quoted; money was voted for public expenditures (the Imprest Supply Bill) and a chosen member of the House made the "Address in Reply" to the Governor's speech or "Speech from the Throne," as it is called. In discussing the addresses in reply in the House and Senate, members may give loose rein to their thought. They express themselves in the freest manner, and the criticisms, desires, and approvals of the people are mirrored in these debates—finance, railways, prosperity, land settlement, second ballot, prosperity, "daily-increasing prosperity," employers' liability, prosperity, King Edward, Premier Seddon, trade with South Africa, prosperity, State saw-mills, the

Maoris, State fire insurance, prosperity, prosperity, prosperity—a two-days' wilderness of talk—but however different the members' views on other subjects, they were all agreed on the wonderful prosperity of the Colony. It is an excellent thing to let the members blow off steam in this wholesale fashion the first two or three days. After a man has had a chance to give his colleagues and the country the benefit of his accumulated wisdom in respect to the condition of things in general and what the Government ought to do in particular, he is more likely to be a reasonable and useful legislator for the rest of the session.

In the absence of the Premier, who is also Minister of Labor and Colonial Treasurer, the Hon. J. G. Ward, Postmaster-General and Minister of Railways, has been Acting-Premier and Acting-Treasurer, and in the annual Financial Statement of the Government (July 8, 1902) he says:

"The *revenue* proper of last year exceeded six millions (\$30,000,000)—the highest in the history of the Colony. The actual figures are £6,053,070, or £234,451 in excess of the estimate, and £200,364 in excess of the revenue received during the year ended March, 1901. This has been obtained not only without extra taxation, but in spite of large concessions made in custom duties, in railway rates and fares, and in the adoption of penny postage of letters. Such expansion is, I think, satisfactory evidence that our people are prosperous and our trade is flourishing.

"As regards the *income-tax*, I do not apprehend that the steady increase which has continued since its inception will be checked. I place this increase, however, at the moderate sum of £6,000, raising the estimated receipts to £185,000, which with the £300,000 of land-tax, makes a gross total of £485,000—a sum greater than has ever been received from direct taxation.

"The buoyancy of the revenue under this heading proves conclusively the prosperous condition of our farmers and the productiveness of our soil, and, further, the soundness of business generally, as evidenced by the increasing profits of our merchants and others who contribute to the income-tax.

"Honorable members will recollect that my colleague intimated, some time ago, the intention of the Government to reduce the *mortgage-tax* as soon as practicable. It will generally be conceded that any relief in this direction must tend to bring about an easing of the local interest-market—a result in which the Government, as well as private borrowers, are much interested. There is no good reason why in the course of time the ruling rate for the issue of Government loans in the Colony should exceed  $3\frac{1}{2}$  or even 3 per cent, and every relief given to lenders will tend to bring this about. As a step in this direction I am glad to be able to say that it is our intention to concede a reduc-

tion of 25 per cent off the mortgage-tax, equal to £25,000. I trust that honorable members will recognize that this abatement is a very substantial instalment towards the end which I have just indicated."

Then follow the announcements of the reductions in railway rates, quoted in the chapter on Railways for Service.

"For the information of those who take an interest in the concessions that have been made by the present Government since they have been in power it may be convenient to state them, including the reductions proposed in this Budget. Naming only four heads of revenue, the concessions are as follows: Railways, £510,000; mortgage-tax, £25,000; Customs, £738,000; Postal and Telegraph, £181,000; a total of £1,454,000. As the whole of the land and income-tax collected in the Colony in its highest year amounted to £492,000, some idea of the value of the concessions that have been given to the people of this country may be gauged from the foregoing figures. It certainly gives a flat contradiction to those who have declared that the burdens of the people have been added to by the present Government. . . .

"As honorable members are probably aware, the two largest States of the Australian Commonwealth have, by inaugurating old-age pension schemes, followed New Zealand's humane action of 1898. . . .

"It is, I take it, the duty of the Government to control and direct our public affairs in a manner that will promote, as far as possible, the best interests of the people, and to do so consistently with a policy which one may term 'safe.' The resources of New Zealand are almost illimitable. . . . I am confident that all will agree with me in saying that the best interests of the country can be promoted by the exercise of a judiciously progressive policy—such a policy as will make provision for the constructing of roads in the interior, pushing forward our railways (particularly the trunk lines), by assisting the mining, agricultural, and other great industries so as to insure the highest possible return to the individuals engaged in them, and thereby adding to the financial resources of the public exchequer. If one and all will approach the many-sided questions which are ever presenting themselves for solution in a reasonable spirit, I feel certain that, as the years go by, the properly-directed efforts of our people will result in bettering the condition of themselves and promoting the general well-being of our Colony."

During the session the Acting-Premier has advocated with force and tact some of the new measures that Premier Seddon and his Cabinet and fellow Liberals have at heart—extension of the Referendum, the second ballot or majority elections and other electoral reforms, Government fire insurance, Government railway relief fund, State telegraph and postal increase of pay, reduction of the tax on mortgages, and a number of revisions and amendments of former laws. In the Senate debate on one of these—a bill to raise the penalty on importing opium for smoking from \$500 to \$2,500, in order

to put an absolute stop to the smuggling of the drug—the interesting ground was taken that it was not fair to stop John Chinaman from smoking opium unless Europeans who were injuring themselves with tobacco and intoxicants were also stopped.<sup>2</sup>

The Opium amendment was enacted, improvements in the old-age pension provisions, tax laws, land transfer, mining laws, factories acts, etc., adopted, the electoral laws revised and consolidated, and the railway, post, and telegraph bills above mentioned passed. Most of these have already been noted under their respective heads. State fire insurance, after a vigorous debate, was referred to a select committee for investigation. This and some other prospective reforms foreshadowed in measures introduced by the Government or the members, will be noticed in a future chapter entitled “What Next?”

#### ADVANCE OF WAGES.

In the Railway chapter we have noted the recent advance in railway wages effected by the Liberal Government.

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<sup>2</sup> “If we can regulate this smoking of opium,” said an old gentleman of about sixty—“if we can prevent it—why cannot we prevent other vices which are of a more far-reaching character than the smoking of opium? \* \* \* But if I ask that these other vices shall be controlled, or that if it is found that they cannot be controlled the cause of them shall be abolished, I am met with the rejoinder that it is an impossibility—that if the people want these things they will have them. I say if that applies to the smoking of tobacco and the drinking of *intoxicants* it also applies to opium, and that what may be accomplished in the case of opium may be accomplished in regard to cognate vices. There is not half so much injury, it seems to me—not half so much vice—in dreaming the happy hours away in an opium-smoking divan as there is in soaking in a public house parlor or bar.”

An Hon. Member.—“Have you tried opium?”

The Hon. Mr. Jones.—“I have not; but I am willing to take other people’s experience. My experience of the quality and characteristics of opium would lead me to suppose that it is a drug that has developed genius to a very marvelous extent. That is something in its favor. But it seems to me that it is quite right that we should try to put down any evil by legislation. Our legislation is all designed for the purpose of making us better, happier, and more prosperous. That is the object we have in view, but we have sometimes adopted a crab-like procedure in order to attain it. The man who says that you cannot make people happy or virtuous by Act of Parliament forgets that you may by certain conditions produced by Act of Parliament make people vicious or virtuous. I am not opposing this Opium Prohibition Bill at all. I believe it is necessary that notice should be taken of these evils, so that they may be nipped in the bud. The pity is that we could not do the same with the drink traffic. I declare that if we can abolish the smoking of opium or the presence of opium in this country, as we have practically done by the Bill passed last year, then I say we can do the same with regard to the drink traffic. \* \* \* Why should you go and prosecute poor ‘John’ in this way whilst you allow people to injure themselves with smoking? Plenty of people have the pipe in their mouths from morning till night, and injure themselves, and we do not say anything to them or pass laws about it. And we also have people making beasts of themselves with drink.”

Another instance of the same policy may be found in the law of October 1st, 1902, lifting the wages of some of the postal and telegraph employees and shortening the period for reaching the maximum salary. The following table shows some of the changes. It will be noticed that even with the raise the wages of Government employees, such as letter-carriers for example, are not as high as in this country. The aim has been to secure good wages for all sorts of labor whether in public or private employ, rather than to give specially high pay to some Government employees<sup>3</sup> while other classes of workers have very insufficient remuneration. Our letter-carriers are well paid, but our messengers, and the clerks in the third and fourth-class post-offices (who are private employees of the postmasters), are very poorly paid. Such contrasts are contrary to the New Zealand policy. The average pay per worker is more than it is here, but the distribution is different—the high-grade workers get less as a rule and the low-grade workers more than in this country.

Pay of Post and Telegraph Employees.

	1894		1902	
	Minimum £	Maximum £	Minimum £	Maximum £
Secretary . . . .		700		800
Supt. Elec. Lines	525	650		750
Inspector . . . .	525	600		700
Letter Carriers . .				
1st grade . . . .	130	140	135	150
2d " . . . .	95	120	105	125
3d " . . . .	50	85	60	100
Messengers . . . .				
1st grade . . . .	85	120	105	140
2d " . . . .	50	80	60	95

Messengers get \$300 to \$700 and carriers \$300 to \$750. There are boy messengers, both post and telegraph, making \$130 to \$205 a year.

<sup>3</sup> It is sometimes feared that one consequence of the public ownership of railroads, telegraphs, telephones, street-railways, etc., may be a special pressure to raise unduly the wages of public employees. This may be true where the Government is in the hands of a machine that distributes public positions and salaries as part of the spoils of office. But where the Government is really controlled by the people, it is not so. In New Zealand (as also in Liverpool, Glasgow, and other British municipalities owning the tramways, gas and electric works, etc.) it is found that the influence of labor representatives and the trade-unions is against the raising of Government wages much above the level of similar labor outside—the combined weight of the unions produces a pressure to improve the conditions of all labor in due proportion.

The time required to climb from the minimum to the maximum salary in a given grade was cut down by the amending act from 12 years to 7 for assistant dispatch clerks, from 8 years to 5 for assistant counter clerks, from 5 years to 3 for distributors, etc.

There was some objection to the increase of \$500 a year in the salaries of the chief officials, or rather the objection was to making permanent by legislation the increase which had in fact been made by the Government a couple of years before. It was also objected that the bill did not increase the pay of the exchange clerks, but Acting-Premier Ward said legislation was not necessary, the Government had power to grant increases up to \$100 and that was what it proposed to do.

#### RAILWAY WORKERS' RELIEF FUND.

##### SPECIAL PROVISION FOR OLD AGE, ILL-HEALTH AND INCAPACITY

October 3, 1902, a new plan of retiring-allowance and ill-health relief was adopted for the Government Railway employees<sup>4</sup> to take effect January 1, 1903. Any one then employed by the Department in any permanent capacity can elect within six months to come under the act, and persons first permanently employed after the act takes effect come under its provisions as one of the conditions of their employment.

The fund is to be raised by contributions from the employees with the interest accruing from their investment by the Public Trustee, and the Government guarantees any deficiency in the fund.

The contributions made monthly are to be at the following rates:

Percentage of salary	When the age of the employee at the time of the first contribution is
3 per cent .	. not more than 30 years
4 " " .	. between 30 and 35 "
5 " " .	. 35 " 40 "
6 " " .	. 40 " 45 "
7 " " .	. 45 " 50 "
10 " " .	. over 50 years

The following clauses describe the benefits under the act—retiring-allowances and payments in case of illness or incapacity of an employee being estimated on the basis of one-sixtieth part of his pay for each year of service the employee

<sup>4</sup> Government Railway Superannuation Fund Act, 1902.

has rendered ; if he has been receiving \$600 a year, for example, and retires after forty years' service, the Government guarantees him \$400 a year for the rest of his life.

14. Every contributor whose length of *service* in the Department is *not less than forty years*, or whose *age* is not less than *sixty years*, may at any time *retire* from the service of the Department at the expiration of three months' notice of his intention so to do, and shall thereupon be entitled to receive from the fund an *annual allowance for the rest of his life* computed as follows :

*For every year of service* he shall receive *one-sixtieth part of his annual rate of pay*, but in no case shall the total yearly allowance exceed two-thirds of such annual rate of pay :

Provided that the Board may, with the consent of the Minister, extend the provisions of this section to any case where the contributor's *service* is not less than *thirty-five years*.

15. Every contributor who with the consent or by the direction of the Minister retires from the service of the Department on the ground of being *medically unfit* for further duty shall on his retirement be entitled to receive from the fund an allowance for the rest of his life computed as mentioned in the last preceding section, but not exceeding the maximum amount therein limited.

16. (1) If any contributor voluntarily *retires* from the service of the Department *before becoming entitled* to a retiring-allowance under this act, or if his services are dispensed with from any cause other than misconduct, he shall be entitled to a *refund of the whole amount actually contributed by him* to the fund, but without interest, together with any compensation to which he is entitled under section seventy-six of "The Government Railway Act, 1887."

(2) If any contributor is dismissed or his services are otherwise dispensed with for *misconduct*, he shall be entitled to a refund of the whole amount actually contributed by him to the fund, but without interest.

(3) If any contributor *dies before becoming entitled* to any retiring-allowance, there shall be paid to his legal personal representatives the whole amount actually contributed by him to the fund, but without interest, together with any compensation to which he is entitled under section seventy-six of "The Government Railway Act, 1887," But if such contributor dies leaving a *wife or children surviving him*, then (in lieu of such payment to his legal personal representatives) there shall be paid to or for the benefit of his widow, during her widowhood, the annual sum of eighteen pounds, with an additional sum to be paid to or for the benefit of his children (if any) of five shillings per week in the case of each child until the child attains the age of fourteen years. The annual payment to or for the benefit of the widow or the children shall be made in such a manner, to such person, and by such instalments during the year as the Board thinks fit, but in no case shall payments be at longer intervals than four weeks. Or the widow may, if she so elects, be paid in a lump sum, in lieu of the foregoing

allowance, such portion of the amount of contributions actually paid by the contributor to the fund, and of the compensation to which the contributor was entitled under section seventy-six of "The Government Railway Act, 1887," as the Board having regard to the rights of the children, if any, thinks fit. . . .

20. *With respect to every retiring-allowance granted under this Act the following provisions shall apply:* (1) The retiring-allowance shall be paid by equal monthly instalments, the first instalment being payable one month after the date of the grantee's retirement.

(2) In lieu of his retiring-allowance, the grantee may, on his retirement, or at any time before receiving his first instalment, elect to accept a sum equal to the total amount of his contributions to the fund, together with any compensation to which he is entitled under section seventy-six of "The Government Railway Act, 1887."

(3) If, not having so elected, he dies before the total amount paid to him in respect of retiring-allowance is equal to the total amount of his contributions to the fund, together with the amount of compensation to which he is entitled under section seventy-six of "The Government Railway Act, 1887," the Board shall apply for the benefit of his widow and children or legal representatives the difference between the aforesaid amounts.

(4) In the case of a retiring-allowance being granted before the contributor has completed forty years' service, or has attained the age of sixty years, on the ground of his being medically unfit for further duty, his retiring-allowance, or any one or more instalments thereof, may be forfeited by the Board if he fails to submit himself for further medical examination when required by the Minister, or if, being reported medically fit to return to duty, he fails to do so when required by the Minister.

(5) If he is convicted of any crime on indictment, or if he is convicted as an associate of thieves or prostitutes, his retiring-allowance shall be administered for the benefit of his wife and children (if he has any), as the Board may see fit, or for his own maintenance when the Board is satisfied that he is of good behaviour.

21. Where by the direction or with the consent of the Minister a contributor returns to duty while in receipt of a retiring allowance, his allowance shall cease, and all his rights and liabilities under this Act as a contributor shall revive.

22. In no case shall any retiring-allowance or other money granted under this Act be in any way assigned, transferred, or alienated from the grantee, or be subject to "The Bankruptcy Act, 1892."

23. *Where any payment is made under "The Workers' Compensation for Accidents Act, 1900," in respect of an accident to a contributor the following provisions shall apply:*

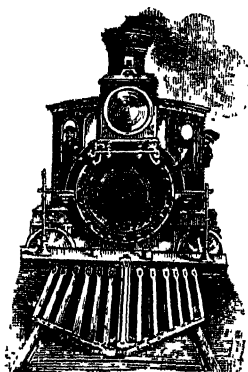
(1) Where death results from the accident the benefits that would accrue under this Act in respect of that contributor shall absolutely cease and determine, but his legal representatives shall be entitled to a refund of the whole amount actually contributed by him to the fund but without interest; and



(2) Where total or partial disability results from the accident so that the contributor becomes medically unfit for further duty he shall not be entitled to any allowance under this Act during the period to which the payment relates, except so far as the payment is less than such allowance.

A contributor's rights are not affected by the stoppage of his contributions during periods of ill-health, when he is off duty and his pay is stopped.

The fund is to be administered by a Board consisting of nine members: the Minister, the Solicitor-General, the Public Trustee, the General Manager of the State Railways, and five persons elected by ballot of the contributing employees—two being chosen by the first division of employees, and three by the second division. The control is, therefore, in the hands of the representatives of the railway workers themselves.



## CHAPTER 73.

### THE PRINCIPLES INVOLVED.

The full significance of the measures we have reviewed cannot be brought out in this section. Their meaning and consequences occupy nearly all the rest of the book. But we may note before leaving this sketch in perspective that the first Liberal Labor decade has *reversed* the Policy of the Commonwealth on at least a dozen vital lines, and established the following principles as the basis of New Zealand civic life:

1. That the taxing power is to be used not merely for revenue but to advance the public good, by encouraging enterprise, breaking down monopoly, aiding the diffusion of wealth, etc.

2. That the people have a right to the increased value of land resulting from public improvements and the development of the country, and that every individual has a right to the use and a share in the ownership of the earth—the land and all its wealth belongs to the people.

3. That the gradual nationalization of the soil, through resumption and leasing of land with limitation of area, and rents and taxes to take the unearned increment for the public use, is a just and practicable method of dealing with the land problem.

4. That Government should guard the interests of labor even more carefully than those of capital, for the hours and conditions of labor mold manhood and citizenship, and determine the vitality of the people and their leisure for intellectual and civic development.

5. That the law should recognize the principle of the living wage, and secure to every worker a fair day's pay for a fair day's work.

6. That the right to work is a clear corollary from the right to life, liberty, and the pursuit of happiness, the latter privileges being of questionable value without the former and the

State must open the way to employment for those in need of it.

7. That direct employment is more just and economical, and better for the workers, than the contractor system, wherefore the latter must be abolished from public work.

8. That coöperative methods have proved superior and shall be established in public work and fostered in private business.

9. That the substitution of judicial decision in place of settlement by conflict, shall be extended to disputes between labor and capital, industrial peace and the administration of justice in labor difficulties belonging with the other objects of judicial procedure.

10. That industrial power is a public trust, and the public interest is the dominant interest in business as in politics.

11. That the control of industry should be in a body representing all three parties in the production and distribution of wealth—labor, capital, and the public—the principles of democracy, partnership and majority rule applying to industrial life as well as to political life, and aristocratic and arbitrary control being as bad in one case as the other.

12. That economic freedom and independence are essential to full political liberty.

13. That veterans of industry shall have pensions as well as veterans of war; any orderly person who has put years of labor into the development and enrichment of the country having a right to a reasonable subsistence after his days of work are done.

14. That public utilities should be constructed, owned, and operated by the people.

15. That public railways shall be run for service, not for profit, and the management kept in touch with the people.

16. That the fundamental test of a railway system or any other institution, industrial or political, is not its financial results, but its human results—its effect on the public good—its relation to manhood, morals, government, civilization and progress.

17. That farmers and workingmen have a right to use the Government in which they are partners to get loans at low interest, and that Government-lending abolishes usury, prevents oppression, and aids the diffusion of wealth.

18. That banking and credit shall not be left to private

manipulation, speculation, and monopoly, but controlled by the State in the interest of all; the nationalization of credit being as important as the nationalization of the soil.

19. That private monopoly of vital interests is contrary to the public welfare, and the State is in duty bound to manage banks, take railways, operate coal mines, buy up patents and do all other acts necessary to prevent it.

20. That a nation as well as a family has a right and a duty to keep itself sweet and clear of contamination, a right to keep its soil and its civic partnership for those who are fit to be free and self-governing, and who will not lower its intellectual and spiritual level or dilute its civilization.

21. That the question of license or prohibition shall be left to local option under the referendum, and that taxation of land-values for local purposes shall also be left to local option with the initiative and referendum.

22. That sex has no essential relation to the right of self-government, wherefore women shall have the franchise on the same terms as men.

23. That equity demands political equality and self-government in municipal affairs as well as national.

24. That in politics and industry as in science, experiment is the best method of arriving at truth, guiding the experiments by the light of the principles evolved from past experience.

25. That one object of the law should be to remove all needless barriers and artificial disabilities.

26. That accident and misfortune should not be left to fall with crushing weight on innocent individuals, but that burdens not resulting from the wrong conduct of those affected should be spread over the community like taxes, in proportion to ability to bear them.

27. That legislation should be in the interest of the whole people, not of a special class or party.

28. That the diffusion of wealth, comfort, intelligence and virtue, and the equalization of opportunity, are prime objects of political and industrial institutions.

29. That the Government should be kept close to the people through short terms for legislators, direct nominations and a ballot that favors individual thought and judgment in voting, good civil service rules, and the use of the referendum in one or other of its many forms.

30. That the Government is simply the people's agent to manage any business, or do any act for the public good.

Every one of these principles has been established as the result of practical efforts to deal with actual problems and existing conditions. Confronted with specific difficulties and dangers, an earnest, open-minded, common-sense, true-hearted people, have sought for remedies, and naturally found them in laws and institutions based on principles that accord with the public good. Moving in this way from a concrete evil to its logical remedy, progress has not been the carrying out of a preconceived program, but a series of adaptations to present need, the recognition of the principles on which the adaptations rest, accompany or following, but rarely much preceding, the original application. As Kepler's laws were not mere theories like the generalizations of the Ptolemaic astronomy, but were found by drawing the curves required to connect specific instances and unite the results of practical observations, so the principles worked out in New Zealand express the facts of her experience and represent her history and progress.

The tremendous contrast between the Liberal years and former times, created by the recognition and application of these principles in the last twelve years, will be made clearer by the following comparisons:

#### BEFORE 1890.

Taxation for revenue only.  
Dead-level property-tax.  
  
Improvements taxed.  
Enterprise discouraged.  
Small farmers and merchants  
overburdened.  
Speculation and monopoly fostered.  
Freehold favored.  
  
Land monopoly growing luxuriantly.  
Land for speculation.  
The tide of population moving  
from the country to the city.

#### AFTER 1890.

Taxation for the public good.  
Progressive land-value and income  
tax.  
  
Improvements exempt.  
Enterprise encouraged.  
Small farmers and merchants  
favored.  
Speculation and monopoly  
repressed.  
State ownership favored with  
leases in perpetuity and limitation  
of area.  
Resumption of large estates and  
taxation to break up monopolies  
Land for use.  
The movement of population  
turned back toward the country.

## ( Before 1890—Continued )

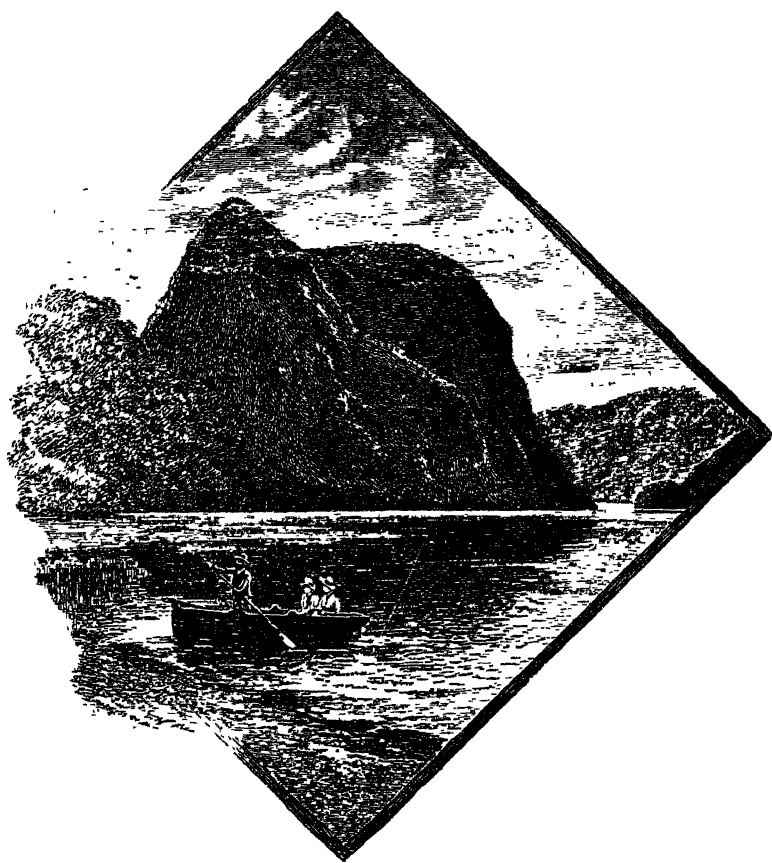
Capital the chief care of the Government.  
The right to work, not recognized by the State.  
Contractor system in public works.  
Competitive industry in full possession.  
Labor difficulties settled by strikes and lockouts.  
The pauper house for the aged poor.  
Railways under a bureaucracy and run for profit.  
The heart of the banking system in private control.  
Credit a private monopoly.  
Loans for the rich at reasonable interest, but not for the man of small means.  
Coal-ring in the saddle.  
License practically unalleviated.  
Life tenure for senators.  
Male suffrage.  
Multiple voting for rich men in municipal elections.  
Serious political inequality.  
Rapid intensification of industrial inequality.  
Government by and for monopolists.

## ( After 1890—Continued. )

Life and Labor the chief care of the Government.  
Right to work recognized and guarded by the State.  
Direct employment in public works.  
Cooperative industry established, fostered and extended.  
Labor difficulties settled by judicial decision.  
Annuities from the Treasury for the aged poor.  
Railways under management in touch with the people and run for service.  
Heart of the banking system under Government control.  
Credit a public utility operated by the State.  
Loans for small men also at low interest.  
The Government in the coal business.  
Local option with the referendum on prohibition.  
Seven year terms for senators.  
Equal suffrage.  
One person one vote in municipal elections.  
Near approach to full political equality.  
Strong movement toward industrial equalization.  
Government by and for the people.

And this transformation was wrought, not with sword and cannon, but with print and speech and thought; not with bullets, but with ballots. It was a revolution in quite as full a sense as many of the great revolutions that bear that name in history, yet it was a peaceful development, a revolution by evolution, the ballot rebellion of the common people against

monopoly of land and money and government, unjust taxation and ill-treatment of labor. Even the French Revolution itself, the greatest civic convulsion of modern times, did not result in a more complete reversal of the permanent policy of the Government than is involved in the change from land monopoly to nationalization of the soil; from taxation of



HALL'S SOUND, SOUTHWEST COAST OF THE MIDDLE ISLAND.

improvements and fostering of speculative monopoly, to exemption of improvements and progressive taxation of land-values and incomes to adjust burden to ability and to burst up monopolies; from non-recognition of the right to employment to full recognition of and provision for it by the National Government; from the contractor to direct employment; from

soup-kitchens and competition to coöperative industry; from settlement by strikes and lockouts to industrial arbitration in a court of justice; from the poor-house to old-age pensions; from usury to Government lending at low interest; from license to local prohibition; from polygamous ballots for the rich man in municipal elections and masculine suffrage everywhere to the emancipation of women and full political equality of men and women with one vote for each citizen in both Parliamentary and municipal elections; from government by and for monopolists to government by and for the people.

Such are the elements, or some of the elements, of the Industrio-Political Revolution of 1890, the most important event in the history of New Zealand and one of the most important in the history of the world. Just as the guns of Lexington reverberated round the globe, and the influence of the American and French Revolutions permeated all thinking peoples, helping to mold their political history, so the new emancipation in this far Colony, the twin sister of New England, is radiating its force throughout the civilized world, and will become a powerful factor in molding the political and industrial history of the future. An invasion of armies may be repelled, but an invasion of ideas is irresistible. The world owes much to pioneers and discoverers; most of all to those who discover or establish truer human relations.

Mr. Lloyd calls New Zealand "Newest England." It is still more truly "Newest America," for nowhere else is found such vigor and advance. In its own particular field it even out-Americas America. From savage cannibalism to the highest civilization in a lifetime, from one of the poorest countries of the world to the richest in half a century, from racial war to racial harmony in a generation, from industrial war to industrial peace in a decade, from charity to justice, competition to coöperation, monopoly to diffusion, despotism to democracy, government by landlords and the money-power in their own interest, to government by farmers and workingmen in the interest of all as the outcome of a great election, is certainly a record of change in condition and policy, which for quantity, quality and speed of progress is without a parallel. The superb lessons on the modifiability of human life and institutions afforded by the history of New Zealand, and the splendid possibilities of a thoughtful union of the common



people at the polls to elect men pledged to their interest, are of incalculable importance to the world.

#### BIRTH-DAYS OF PROGRESS.

Before passing to a study of the causes and combined results of New Zealand's novel institutions, the reader will find it helpful to fasten in his memory the following selective retrospective:

1840	ANNEXATION OF NEW ZEALAND TO THE BRITISH EMPIRE.
1853	CONSTITUTION PROCLAIMED.
1865	<i>Postal Savings Banks.</i>
1870	<b>Vogel's Public Works Policy</b> —national railroads, telegraphs, etc., the first important move in the material development of the country. <i>Government Insurance, Public Trust Office, Australian Ballot.</i>
	PROVINCES ABOLISHED.
1876	<b>Grey's Appeal to the People</b> on a democratic and progressive platform.
1879	<b>Manhood Suffrage</b> , residence made sufficient for the ballot without property.
1886	<i>Ballance's Village Settlements</i> , placing idle labor on idle land, with Government loans to help the settlers build and plant. Competitive examinations for civil service.
1889	<b>One-Man-One-Vote</b> in electing Representatives.
	THE GREAT STRIKE AND ITS FAILURE.
1890	<b>A New Political Force—Organized Labor at the Ballot Box</b> , hand-in-hand with the <b>Farmers</b> and the <b>Common People</b> in every walk of life, working together through direct nominations and non-partisan voting to elect a People's Government, and winning the
and	<b>Liberal-Labor Victory</b> , of December, 1890, which placed the Government in the hands of the People's Representatives and led to the establishment of—
some	<i>Progressive taxation of land-values and incomes.....1891-2</i>
of its	<i>Labor Department and Public Employment Office.....1891-2</i>
consequences	<i>Direct employment and coöperative policy.....1891-4</i>
	<i>States leases and nationalization of the soil.....1892-4</i>
to	<i>Woman suffrage and local referendum on prohibition....1893</i>
	<i>Resumption and division of large estates.....1894</i>
	<i>Judicial decision of industrial disputes.....1894</i>
	<i>Gov't loans at low interest to farmers and workingmen...1894</i>
1902	<i>Further nationalization of credit by State control of</i> <i>New Zealand Bank.....1891-5</i>
	<i>Truer public ownership of railways, and absorption of</i> <i>the principal private system.....1894-5</i>
	<i>Initiative and referendum on local land-value tax.. ....1896</i>
	<i>Political equality in election of municipal officers.....1898</i>
	<i>Annuities from the Public Treasury for the aged-poor....1898</i>
	<i>State operation of coal mines.....1901</i>
	<i>And other transformations due to Government by the People in place of Government by monopolists.</i>

## ❖ ════════ ❖ PART II ════════ ❖

### CHAPTER 74.

#### THE PEOPLE'S TRUST.

The largest industrial trust in America, the giant steel combine, including all the water in its composition, owns less than a sixtieth of the wealth of the United States. The largest industrial trust in New Zealand owns about one-sixth of the total wealth of the country. The American trust is owned by a few men and managed for their private profit. The New Zealand trust is owned by the people and managed for their benefit. One is a private monopoly; the other is The People's Trust—the great combine we call the State, managed by the board of directors we call the Government, elected by the stockholders of the corporation, the whole body of men and women in the Commonwealth.

The State is not always a people's trust. It is sometimes a private monopoly, owned and controlled by a class or even by an individual. In such cases whatever is in the hands of the Government, whether it be court, army, post-office, railway, bank, or any other service or property, is practically or potentially a private monopoly also.

For years before the transformation of 1890, the Government of New Zealand, under the multitudinous suffrage and preponderating influence of the rich, was for the most part the representative of a class-combine, a landlord-trust, and tho some of the executive departments were fairly well managed in the public interest, they were sections of a benevolent paternalism, not coördinate parts of a universal coöperation or fraternalism. The railways, telegraphs, tax laws, machinery of legislation, etc., were not really public property. Whatever words and phrases may be used there can be no public ownership in fact unless the people own and operate the Government. The Government is the fundamental monopoly that controls all the rest, and there can be no real and reliable public

ownership of anything unless there is public ownership of the Government.

As a result of the election of 1890 and subsequent years the people of New Zealand now own the Government. The various classes of society are more fully represented in Parliament, and the State has become the People's Trust, performing numberless services for the common benefit of the whole community without unjust discrimination against any individual or class.

Some of the things this People's Trust, Civic Fraternity, Coöperative Industrio-Political Combine, or Democratic State does for the people are as follows:

(1) It provides for safety, order, and defense.

(2) It conserves and promotes the public health.

(3) It owns and operates civil and criminal courts to establish justice through compulsory arbitration of disputes arising from contract, tort, or criminal conduct.

(4) It establishes Appeal Boards and Arbitration Courts to settle labor difficulties or contests between employers and employed on the same principles of judicial arbitration that are applied to the settlement of other disputes. By this means strikes have been abolished, labor organizations protected and encouraged, cut-throat competition banished, employees of private concerns assured fair treatment; and public school teachers, post and telegraph and railway men and other Government employees secured against unjust dismissal or discharge and supplied with easy and peaceful means of redress for any grievance.

(5) It provides by special act that all these courts, civil, criminal, and arbitration, shall decide upon the merits and not upon the technicalities of the cases brought before them.

(6) It owns and operates an all-pervasive system of public schools for the free and universal education of the young.

(7) For children without proper means of subsistence or whose parents are in indigent circumstances, good homes and practical training are provided in the industrial schools,<sup>1</sup> or the Minister of Education may find them homes in proper families and pay for their subsistence, or accord the service of the child to the family in return for maintenance; or the child may be apprenticed with fit persons to any trade or calling.

(8) In its care for children and young people, the State provides that First Offenders, instead of being imprisoned and fastened to the

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<sup>1</sup>The earnings of the child in the Minister's care beyond the cost of his maintenance are deposited to the credit of the child and paid to him in later years or passed to the State funds as the Minister may direct. (Industrial Schools and Adoption of Children Acts, 1881-1882-1885-1895.)

criminal class, may be released on probation under conditions intended to help them regain their standing in the community and avoid the failure of self-respect and degrading associations that so often follow imprisonment of the young.

(9) To guard elections and facilitate the choice of directors for the People's Trust, the law provides for:

Direct nominations by petition of the people without the intervention of caucus or convention.

Questioning of candidates by their constituencies.

Australian voting booths and the unpartisan ballot or alphabetic list of candidates without indication of their party affiliations.

Fine and forfeiture of office for any corrupt practise, even the treating or free conveyance of voters.

Voting by mail for citizens away from home.

And a half holiday on election day to prevent industrial pressure from keeping the voters away from the polls.



A BIRD'S EYE VIEW OF NELSON.

(10) To bring the Government still closer to the people:

The terms of Senators have been shortened.

The time of Parliament cut down.

The suffrage accorded to women as well as to men.

A practical referendum on national affairs provided, not only through direct nominations, popular questioning of candidates and independent voting at the regular triennial elections, but through special appeals to the people at any intermediate times that Parliament is dissolved because of disagreement between the Ministry and the House of Representatives, the question on which they differ being carried then directly to the people at the polls.

And constant use of the referendum in municipal affairs.

(11) Laws are made for the people; not for any special interest or class.

(12) The administration is efficient and free from the taint of spoils. Appointments to the civil service are based on merit ascertained by

competitive examination. Promotion depends on length and efficiency of service. The employees are secured against unjust dismissal or oppressive treatment by their right of appeal to an impartial tribunal

(13) In place of the old property-tax, progressive land and income taxes are established, with improvements, small estates, and hard-pressed citizens exempted, and the burdens placed on wealthy owners and monopolists. Our capitalist trusts have adopted the policy of taxation in proportion to inability to resist it. The People's Trust adopts the policy of taxation in proportion to ability to pay. The capitalist trusts use for their private profit the power of making monopoly charges, which amounts to the power of taxation without representation and for private purposes. The Public Trust uses its power of taxation with representation not for private profit nor even for public revenue alone, but for the public good—to secure the best possible industrial, political, and social effects that can be attained by the wise and skillful use of this vital Governmental power. It uses the taxing power to discourage and destroy monopoly and speculation, encourage industry and enterprise, and aid the diffusion of wealth—not merely to fill the treasury, but to do it justly, and in a way to advance the public welfare through its influence on the creation and distribution of wealth, and on all the activities and relations of men. This purpose requires for its fulfilment that the taxing power should not be applied to dollars unintelligently, for revenue only, regardless of individual and social consequences, but should be intelligently applied to men with due regard to their financial status, the sources of their wealth, and their relations to the prosperity and progress in the community.

(14) The People's Trust has established roads and highways throughout the Commonwealth, and opened them to the use of everyone free of charge, instead of collecting heavy tolls, as a private trust would do.

(15) The People's Trust has built a net of railways, purchased private lines, and operates now a national system of railroads, including practically all the lines in the State. It does not manage the roads for profit, as a private trust would do, but aims to give the public the greatest possible service at reasonable cost. The Government also owns and operates extensive car shops and locomotive works at Wellington.

(16) It owns and operates the post-office and carries letters, newspapers, books, and parcels for the people at reasonable rates.

(17) It owns and operates the telegraph and telephones as part of the public system for the transmission of intelligence, upon the cheapness, efficiency, and impartiality of which, business, social intercourse, and education so largely depend.

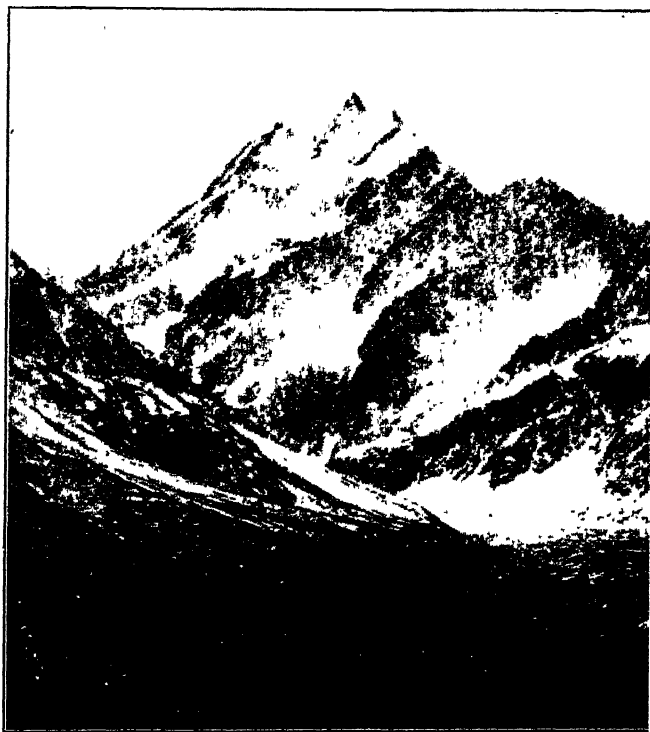
(18) It establishes and conducts savings banks to encourage thrift, aid the common people to accumulate wealth, keep it in absolute safety, and invest it at fair interest

(19) It owns and operates in the public interest the central bank of issue in the Colony—the heart of the banking system.

(20) It maintains a Public Loan Office, and controls the machinery of credit and the rates of interest by lending money to farmers, merchants, manufacturers, and working people on easy terms and at low interest. The postal banks, public trust office, Government insurance office, and land department also make loans at low rates and on good terms.

(21) It prohibits panics, alleviates depression, and has declared that it would allow no decent bank in the Colony to fail.

(22) It has established a Government insurance office for life, endowment, annuity, and accident insurance, with the guarantee of the



A CLOSER VIEW OF MOUNT COOK.

*"The Glory of New Zealand," a snowy summit 12,349 feet high, in the Southern Alps, Middle Island. (See pp 117, 395, 514, 546.)*

Government behind it; and the office does a far larger business than any private company in the Commonwealth.

(23) It conducts a public trust office for the management of estates, investment of money under the guarantee of the State, the making of deeds, mortgages, wills, and other instruments for the people correctly and at low charges.

(24) It has bought a valuable patent, to be held by the Government and thrown open to the public at reasonable rates.

(25) It owns large docks, where men-of-war and merchant vessels may be repaired.

(26) It owns and operates State steamers.

(27) It owns and operates hotels and sanitariums, and has established baths for the use and enjoyment of the thermal springs and medicinal pools.

(28) It has set apart the geyser district and volcano farm in the middle of the North Island as a national park and pleasure and health resort.

(29) It acts as tourist agent, conducting travelers over the mountains and through the forests to see the snowy ranges, lofty summits, magnificent glaciers, tumultuous rivers and water falls, vigorous geysers and sulphur springs, and other splendors of New Zealand scenery.

(30) It has set aside large forest reservations and established Government ownership and operation of them to protect the head waters of rivers, conserve climatic conditions and scenic effects, and provide a timber supply for future years

(31) It has established experimental and model farms, one for each hundred thousand of the population, and depots for dressing and packing poultry at all the chief centers; also a State farm, where the unemployed may find remunerative work, and where inefficient laborers may be transformed into trained and effective workers. In connection with its farm work, it has spent considerable sums in the purchase and importation of stud horses and cattle of excellent quality.

(32) It has provided village and farm settlements, where the poor may make homes for themselves and have coöperative employment if they wish.

(33) It has established a land system based on the principle that the land of right shall belong to the people. It recognizes the fact that the interest of the State in land is not merely in the funds to be derived from its sale, but in the increasing value due to the development of the country and the moral, industrial, political, and other effects of the system of land tenure or occupancy. This principle leads it to discourage the freehold and the monopolies resulting from it, and adopt decided measures for turning the land movement from speculation to use, and from the building of private monopoly to the gradual development of public ownership. It limits the area one man may hold, provides for compulsory purchase and division of large estates, opposes land monopoly by progressive taxation and the advantages of the perpetual lease as well as by the power of eminent domain, gives the preference to the landless in the public leasing of the land, aims to take the unearned increment in rents and graded taxes, and moves with avowed purpose toward the nationalization of the soil.

(34) It has simplified the methods of dealing with interests in land by providing for the registration of titles, so that the ownership of any piece of land and all interests in or charges upon it appear together in

one place in the registry; and the Government certificate of proprietorship gives an absolute title, with the guarantee of the State behind it.

(35) It does nearly the whole conveyancing of the country in its land transfer office and its public trust office.

(36) It has Government lime kilns, and retails lime at \$3 a ton.

(37) It has established Government ownership and operation of coal mines to check the extortions of the coal ring, and provide the people with fuel at reasonable cost.

(38) It accords to municipalities the right to establish and maintain water works, gas and electric-lighting plants, street railways and other public utilities, subject to the referendum.

(39) It requires municipalities to maintain public slaughter houses under inspection of the Agricultural Department.

(40) It provides for local option on the question of license or prohibition.

(41) It accords municipalities the right of local option in the establishment of the land-value tax in place of the property-tax.

(42) It sends out lecturers and literature to teach the farmers the benefits of coöperative dairying, furnishes inspectors and veterinaries, and acts as general adviser and coöperative educator in respect to agricultural, horticultural, and dairying interests.

(43) It loans money to dairy associations, to enable them to get land, buildings, and machinery.

(44) It provides cold storage free for butter and poultry, fruits, vegetables and other produce intended for export.

(45) It acts as Commission Merchant for the farmers, receives farm products, meats and provisions, eggs, butter and cheese, and even live poultry, at its railway stations, carries them to its warehouses at the ports of export, kills, dresses, grades and packs, keeps in cold storage, ships to its agents in London, sells, collects and remits the funds to the farmers, less the cost of the transaction.

(46) It aids the farmers also

by arranging railway work so as to release in harvest time the extra labor needed in the fields;

by free transportation and low freight rates on fertilizers, agricultural implements, etc.;

by special rates in case of special need, as when the heavy snows destroyed so many flocks of sheep, and the Government railways helped to save the farmers by carrying stock to replenish the runs at very low cost;

and by remitting the rents of settlers on State lands in cases of misfortune or hardship,

as well as by its loans to settlers, Government insurance and trust offices, postal savings banks, telegraphs and telephones, employment bureaus, coöperative dairying, cold storage and shipping departments, roads and general railway service, election laws and tax provisions, public schools, and arbitration courts abolishing strikes and improving the conditions of labor,



so that the workers are better able to buy the farmers' products.

(47) The People's Trust manifests an earnest care for labor; it knows that men are more important than money; that labor has a deeper interest than capital, being, in fact, the cause and purpose of capital, at once the creator and the beneficiary, and also an all-important factor in determining the quality of democratic institutions and civilizations, which are largely dependent on the type of manhood and character developed by industrial conditions and the leisure and vitality left to the worker for intellectual and civic development. Therefore, it regards the hours and conditions of labor as matters of the highest moment, to be carefully guarded by the State. It aims to exterminate unwholesome conditions, overwork and wage cutting, sweating and slums, and establish healthy conditions, fair pay, short hours, certain employment, and land and homes within reach of the whole body of the working people.

(48) It recognizes the right to work, believing that the duty of the State to protect the citizen in his right to life, liberty, etc., requires it to safeguard the right to employment, which is essential to the reasonable enjoyment of all other rights. To guard the rights of labor and afford relief to the unemployed, it has established a Labor Department, with a Labor Minister ranking as a member of the National Cabinet, and Public Employment offices, working in harmony with the public works and land departments to provide employment for all who need it. It uses the railways to distribute labor at cost to the points where it is needed, and gives low fares to workmen to and from their work each day.

(49) It has decreed an 8-hour day and a half-holiday for workers in factories and stores, seats for the sales girls, good ventilation, safety elevators, and guarded machinery; no night work for women and young people, no employment of boys and girls without pay, no payment of wages in truck, and many other regulations calculated to secure the health and good treatment, advance the interests, and elevate the conditions of the working people.

(50) It has practically abolished sweat-shop work by thoro inspection, provision for the labeling of goods, prohibition of supplementary night work taken by factory hands to do after hours at home, etc., and fines for the violation of the law.

(51) It has adopted the policy of abolishing the contractor system in the construction and maintenance of public works, and the substitution of direct employment by the State under cooperative conditions, whereby the wages of the men have been greatly increased, their industry and character developed, the quality of the work improved, the cost of construction diminished, and the profits on the work diffused among the men, instead of going to build the fortunes of a few contractors, as under the former system.

(52) It has abolished the old discriminations of the law against trade-unions, and encourages and protects the organization of labor,

making it a condition of the right to appeal to the Arbitration Court for the settlement of labor difficulties

(53) It encourages industrial and provident societies, building societies, agricultural and pastoral societies, and other associations for mutual education, insurance, and social intercourse, and the development of science and industry

(54) It purchases estates in or near the cities and towns, and divides them up for workingmen's homes, and makes advances to workmen to help them build their homes

(55) To deposit the slums of the cities on the land in suburban villages and rural settlements, empty the crowded tenements into the



PRINCES STREET, DUNEDIN.

country, and open the way for all who wish to devote themselves to agricultural or pastoral pursuits to settle on land of their own, are parts of a definite policy systematically carried out by the Government.

(56) It has turned back the tide of population from the city to the country

(57) It benefits labor also, both directly and indirectly, by means of the policies enumerated in speaking of the farmers (42 to 46). The postal savings banks, Government insurance, public schools, direct nominations, unpartisan ballots, questioning of candidates, etc., are of prime benefit to artisans as well as farmers. And the coöperative dairying and merchanting, the liberal land laws, the use of the railways

and the power of taxation to favor the small men (farmers, merchants, and manufacturers) and encourage enterprise and improvement, help the laboring classes as much as any part of the community. In fact, the great mass of the farmers are as truly workingmen as those who labor in the factories and on the railways, and they recognize that their interests are one. The interests of all producers are substantially identical, and the vital interests of the entire community, rich or poor, intelligent and ignorant, good and bad, industrious and idle, are in truth in perfect harmony. Each life reacts on all the rest, and none can be as it should be till all are right. Every man is immersed in the laws and institutions and social environment of his time, and so long as the atmosphere is impure his blood will feel the taint.

(58) The People's Trust has established State annuities for the aged poor, so they may live at home in their declining years secure from want.

(59) Justice is put in place of charity.

(60) Political corruption is unknown to this Trust

(61) Rings, bosses, and party machines do not exist.

(62) Private monopoly no longer flourishes nor sits in the seat of power. Sentence of death has been passed upon it, for the People's Trust is like the others in this one respect, that where competition proves impracticable or undesirable it takes the market for itself; but as that means the Commonwealth, while the others are but little groups, there is the whole distance from selfishness to public spirit, the width of the ethical world, between the absorption of the market by the People's Trust and its capture by any private combine.

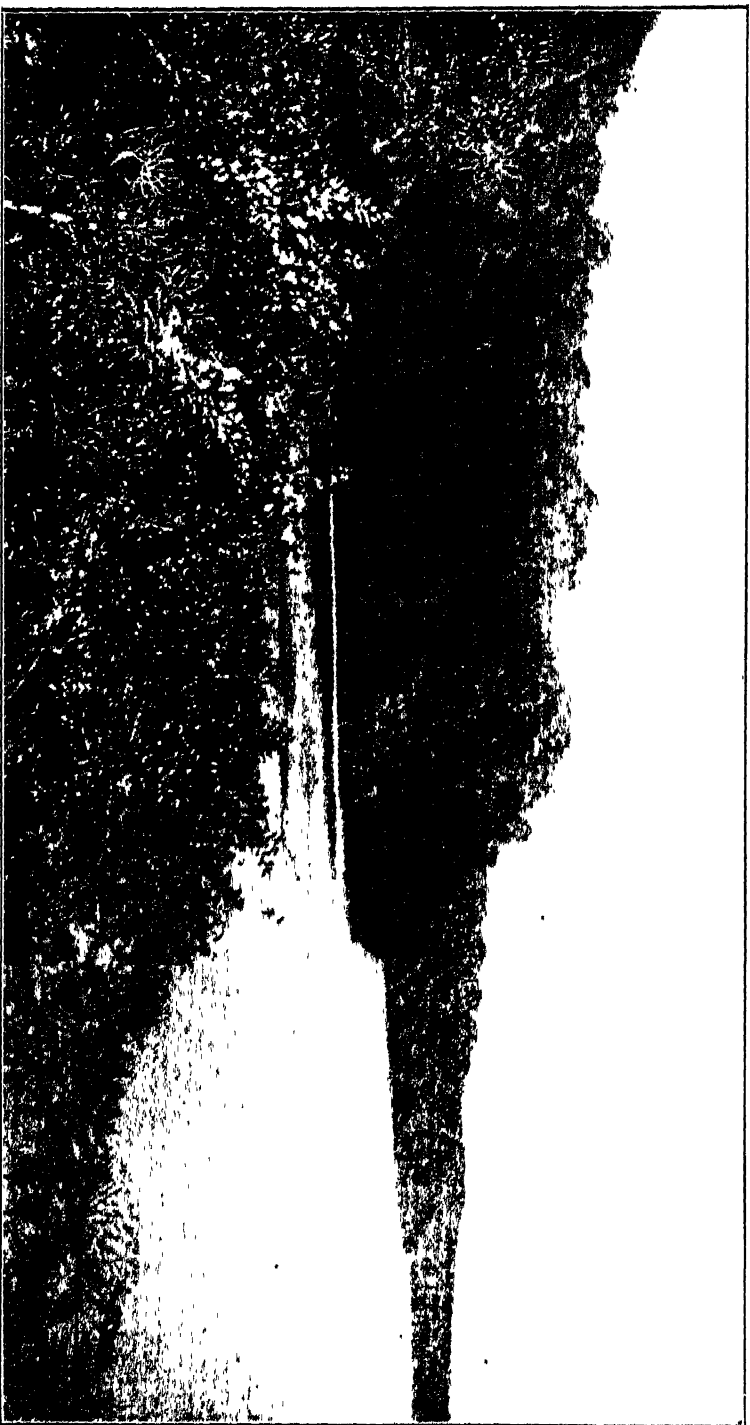
(63) Equalization of opportunity and diffusion of wealth are among the prime objects of the New Zealand Trust. The purpose one who moves among the people hears most frequently declared is to have no paupers and no millionaires.

(64) The Commonwealth aims to get rid of tramps, slums, idleness, overwork, sickness, sweat-shops, strikes, lockouts, rack-rents, usury, foreclosure, tax-sales, evictions, monopolies, speculation, panics, extortion, ignorance, inharmony, and injustice.

In carrying out these purposes the main reliance of the State is on the principles of public ownership, education, popular discussion and free ballot, arbitration, coöperation, legislation and administration for the public good, and Government by and for the people under a system which secures the services of experts without their mastery, and keeps the making and enforcement of the law in close communication with the sovereign people.

#### OPPOSITION AND MISAPPREHENSION.

What do the wealthy Conservatives of New Zealand think of all this? Each new development of democratic institutions has alarmed them at the start. Several times they have really



ROTO-EHU, A BEAUTIFUL LAKE IN THE NORTH ISLAND.

believed disaster would follow the Liberal laws. But their fears have proved groundless, and now they are getting quite used to political earthquakes, and are fully reconciled to many of the changes they desperately opposed at first.

We may get a good idea of Conservative opinion and its gradual amelioration by comparing the writings of some Conservative authorities with the recent statements of the United States Consul and the Commissioners sent to New Zealand from Australia in 1901 and 1902. One of the strongest presentations of the Conservative view is to be found in the writings of an English barrister who spent many months in the Colony studying its politics in 1894 and '95. As his large acquaintance lay chiefly among the Conservatives he had no difficulty in getting frank expressions of their views.

Summing up the more important counts in the Conservative indictment, as presented by him in 1896, it appears that what was resented more fiercely than anything else was the law making large estates liable to resumption by the Government, and the progressive taxes, whereby the owners of great estates are forced to give them up. The Shop Assistants' Act has also caused a great deal of irritation. Conservative merchants do not like the provisions for compulsory closing and half-holidays, and the penalties for working employees over hours or keeping open beyond the time prescribed by the act. It is further said that the administrative action of the Government tends to keep up the price of labor, and that the price of labor is already unreasonably high. The Conservatives also dislike the "cheap-money scheme," or Government loans at low interest to farmers and workingmen. The Conservatives say that "this has created a class of debtors who in conceivable circumstances might be able to apply effectual political pressure for the reduction of their interest. The Conservatives do not share the progressivist's idea that much can be done by legislation to ameliorate the condition of the masses. Not being idealists, they regard with little interest the humanitarian ideals of Mr. Reeves and other Liberals. What they see is the Government of the Colony, which they had been accustomed to control, in the hands of men they despise."

Many will regard the progressive taxes, early closing, high wages, and other charges of this indictment as an excellent eulogy or certificate of good character for the Colony.

Mr. Lloyd tells of a man from Savannah who had been 34 years in the Colony. He was warm in his praises of his adopted home; but the legislation, especially the land legislation, he said, "was rotten." Later in his conversation he revealed the reason for this opinion. He had done his best

business, he said, till late years, "in little specks in land, but the new laws had killed it dead."

One of the best records of Conservative opinion is to be found in the "Annual Register," published in London, and reflecting the views of the English capitalists who have invested large sums in New Zealand. A few paragraphs will show how these people regard the progressive movement in the Colony.

In 1891 the Register said:

"The principle, for the first time introduced in any British Colony, of making the larger properties pay at a higher rate, will have the obvious tendency to limit all improvement in the condition of the Colony, to increase the burdens of productive interests, to lessen the attraction New Zealand presents to the British immigrant. The graded tax is likely, if ever carried out, to lead to the departure of some of the best colonists, together with a considerable amount of capital from the country."

The predicted departure of capital did not take place. On the contrary British capital has continued to flow into the Colony, and is now more eager than ever to invest itself there. The following is from the Register of 1893:

"Not content with being the largest employer of labor, the Government of New Zealand has proposed, and has already partly carried out, a scheme of State agriculture and State sheep farming. It was decided to establish four public farms, on which the labor was to be conducted on the most advanced socialistic coöperative principles, and of which the profits were to go into the public treasury."

The Colony has nine public farms now and is considering sites for others, yet the sun is still shining, the sky has not fallen in, and capitalists are still willing to receive interest in New Zealand.

In 1894 the Register remarked:

"The history of New Zealand under the vigorous administration of Mr. Seddon, continued to be marked by bold and startling experiments in legislation. The heroic measures which were adopted in 1893, in pursuance of the paternal policy of making the State the general factor of the Colony, the head grazer, farmer and dairyman, with its hand in every citizen's business, were carried a step further by the Prime Minister, who, after denouncing the banks for their pusillanimity and blindness to the popular interest, especially in respect of having deposits largely in excess of their advances, publicly avowed that it was not fair that the people of the Colony should suffer from the tightness or want of money through no fault of their own. This generous declaration

was followed up by a Bill, which was rapidly passed through all its stages in the Legislature, authorizing the Bank of New Zealand to issue 2,000,000 pounds of fresh share capital on a Government guarantee. A Bank Shareholders' Bill and a Bank-Note Issue Bill were simultaneously hurried through Parliament in the last days of June. These measures, in direct violation of all accepted laws, and a manifest interference with the liberty of individual trade, were not adopted without strenuous opposition on the part of the moneyed classes, but, their avowed object being the redistribution of what were supposed to be the gifts of fortune, they were undoubtedly popular with the great bulk of the community."

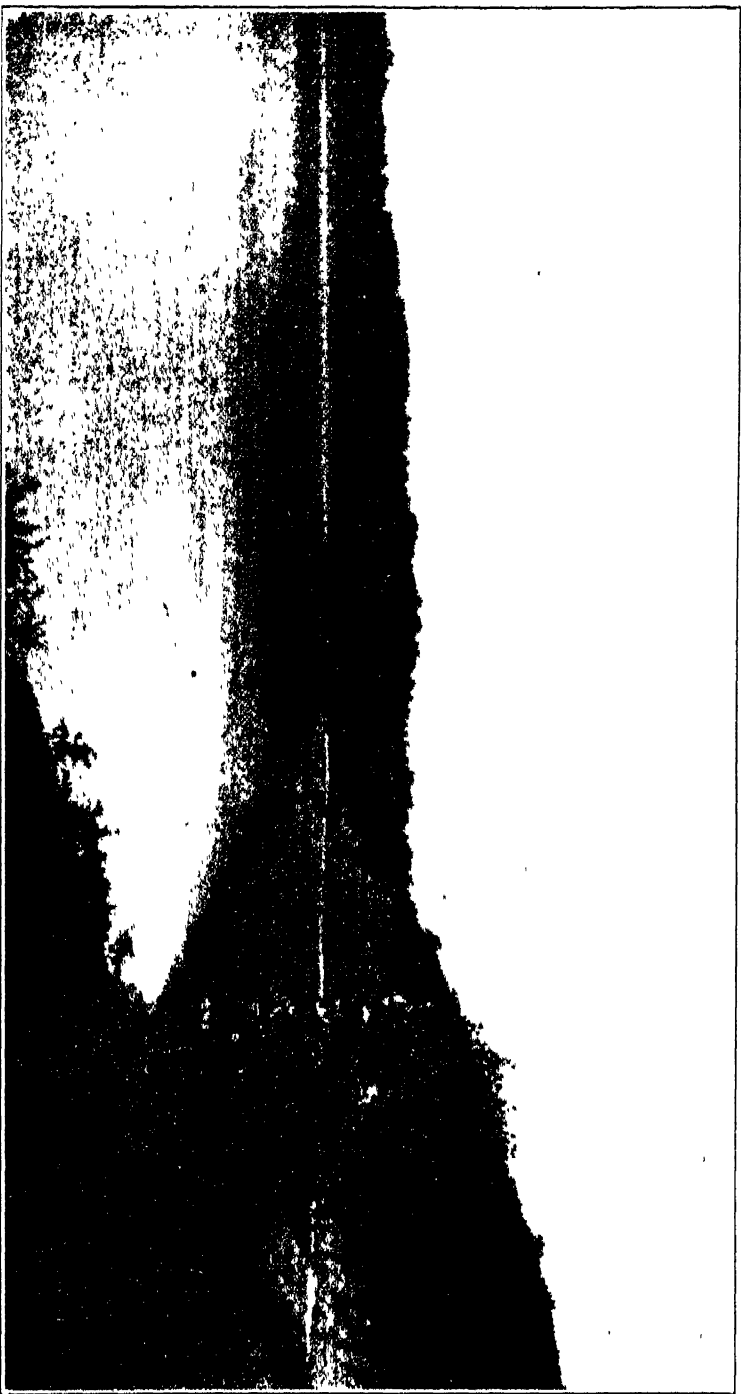
From the issue of 1895 we take the following statement about New Zealand:

"The Government continued to prosecute its heroic schemes for the advancement, purging, and enrichment of the people, without apparently any serious opposition from any party in the Colony. Regarding the State as a machine for the elevation of morals, as well as for the material and physical improvement of the people, the cure of poverty and the elimination of disease, the ministers are not deterred from the boldest experiments in legislation. To the laws already in force for the compulsory cultivation of agricultural lands and the prohibition of tuberculosis, there was added in the course of the year a gigantic scheme for making the people their own banker, with provisions for the suppression of the capitalist and the money-lender. A Bill was passed, with little opposition, imposing the principle of fair rent on all property holders. A limitation was fixed, beyond which neither the Crown nor the private owner could legally exact a rent from the soil. In accordance with the spirit of this measure, 4000 acres of land owned by the New Zealand and Australian Land Company were compulsorily sequestered and thrown open for settlement."

These statements of the Register are not in all respects strictly accurate, but they clearly reflect the Conservative capitalistic view.

For two years prior to the election of 1899 the Register said that public sentiment was turning against the Liberal Government, and predicted that the election would give Premier Seddon a set-back. After the election, however, it admitted that the Premier had an increased majority, and in the last two years, since New Zealand has shown her loyalty to England in her war troubles, the Register has spoken more appreciatingly of the Colony and its Premier.

The United States Consul at Auckland, Hon. John D. Connolly, in his report to our Government (U. S. Consular Reports, Jan., 1897, p. 36) speaks of the Opposition as follows:



ROTO-MA, A LAKE IN THE NORTH ISLAND, NEAR THE BAY OF PLENTY.



"That the legislative innovations of the immediate past have shocked the sensibilities of a large number of prominent and well-to-do colonists is unquestionably true, but at the same time, as against any inconvenience they may have experienced on this account, there is the fact of increased prosperity in nearly every branch of trade and industrial life throughout the country. Farm products are fetching satisfactory prices; manufacturing industries are running full time and paying good wages and fair interest on the capital invested; labor is remuneratively employed; interest on money has fallen from 6 and 7 per cent to 4 and 5 per cent (this of itself is sufficient to prove that money is abundant). Millions of English capital are flowing in for the development of the gold fields of the Colony, and the credit of the country at no period of its history stood so high on the English market as it does to-day."

In various parts of his reports of 1894 and 1897, the Consul refers to the intense opposition of the moneyed classes to the land and income taxes, the land for settlements policy, Government loans to farmers, etc., and shows that events have proved the Opposition groundless. The ruin and disaster predicted by the opponents of the Liberal measures have not come to pass, but on the contrary, there has been a remarkable development of industry and increase of prosperity along the whole line. And the Consul, tho evidently not in full sympathy with the new laws,<sup>1</sup> nevertheless attributes New Zealand's prosperity largely to them.

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<sup>1</sup>For example he says there are "too many legally enforced holidays and half-holidays and other useless interferences with the business pursuits and life of the people" (p 19 of Consul's Rep., Sept. 3, 1896, published in vol 53, U. S. Consular Reps., Jan., 1897). On p. 38 he says: "The great danger at the present time is, too much legislation in one direction. This is the one thing wherein the Government finds it really hard to resist the demands of organized labor. There is, however, a very gratifying disposition manifesting itself among the more reasonable members of the labor societies to let well enough alone for the present—a disposition it is much to be hoped may extend throughout the whole body of the workers. If not, I have no hesitation in predicting a serious revulsion of public sentiment and sympathy in the next few years. Labor has had a good inning; common sense should suggest moderation, now that so much has already been accomplished in the short space of 4 or 5 years. I do not mean that, by any chance, the people would revert to the old order of things, but they would call a halt in the trend of legislation if no steps are taken in this direction in the near future" (The last clause is not smooth but is verbatim as in Report.)

"The leveling process which began here about 7 years ago, has now reached a point where prudence, good taste, and a due regard for the rights of others might suggest a respite, and that too without loss of dignity or interest to any class. Indeed for the well being of the nation as a whole, it would seem desirable that for security and the uninterrupted maintenance of public confidence in the integrity and stability of government—such as it now enjoys to the fullest extent—wisdom would suggest a modification of the pace."

The Consul having stated that the strong legislation of the past few years had given New Zealand remarkable prosperity and resulted in conditions inducing public confidence in the integrity and stability of the government to the fullest extent, now suggests that the movement that secured these results be discontinued so as to secure the same results in the future.

Speaking of the progressive land and income taxes that tax the wealthy and exempt the poor, the Consul says:

"There were many who, through the public press, in the halls of legislation, and on the highways and byways of the country, proclaimed their belief that the change in the incidence of taxation would surely involve the country in financial ruin, but subsequent events conclusively demonstrated how ill-founded were their apprehensions. The most determined opposition to the new taxation came from the moneyed institutions, loan companies, and the owners of vast landed estates. It was found, however, as soon as the new system became law and was thoroly established and fully understood, that, instead of involving the country in ruin, it had exactly the contrary effect. The credit of the Colony in London (which is, of course, the centre of financial operations so far as the colonies are concerned) increased to an unprecedented degree. New Zealand's credit is better to-day on the London money market than is that of any other colony of Australasia. This pleasant position is not attributable to the new system of taxation alone, altho it may be fairly said to have materially assisted in establishing confidence in the country. The non-borrowing policy of the Government and the general recuperative powers of the Colony assisted in restoring faith in the country."<sup>2</sup>

On p. 4, United States Consular Report for January, 1897, Consul Connolly says:

"They were not so much to blame if they, at times, manifested some concern, for the entire fundamental law of the Colony had undergone almost a complete change, especially in respect to land and labor legislation.

"Now, however, people are rapidly beginning to realize the beneficial effects of the new era that has been inaugurated a few years back, and are becoming reconciled to the innovations they were wont to condemn heretofore.

"This restoration of confidence is the result of largely increased and continued prosperity, which, in a measure, they attribute to the new order of things, and in this they are to some extent warranted, for

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This is not very logical, but it is very interesting as showing that at heart the Consul is Conservative. He recognizes a good thing when he sees it put in operation, and being an honest man he tells us that the Liberal laws already passed have produced excellent effects. But in respect to the future he is on the Conservative side, just as he would have been probably in respect to Government loans, public banks, compulsory arbitration, etc., and some others of the more startling changes if he had been consulted *before* the passage of those laws instead of after they had proved successful. This indication of the good Consul's tendency to Conservatism, while it may be unpleasant to Progressives, must nevertheless give all the more weight to his testimony concerning the success of New Zealand's advances. The Liberals did not adopt the Consul's stand-still recommendation, but enacted the Old-Age Pension Law, Government Operation of Coal Mines, etc., and are still vigorously moving, with no cessation of prosperity or revulsion of public opinion, but an ever-increasing endorsement both at home and abroad.

<sup>2</sup> U. S. Consular Report, vol. 44, April, 1894, p. 615.

there is no doubt that there has been considerable improvement in nearly every branch of trade and industry.

"In any case, there was ample justification for the changes which were made in the land laws, while the wisdom of the alteration in the incidence of taxation from land and personal property to land and income tax has now been fully demonstrated."

On pp. 32-3 of the same report the Consul again states with still more emphasis that years of experience with the new laws have silenced even the opposition of the wealthy.

"The land and income tax," he says, "has now (1897) become the accepted and settled policy of the country. With the abolition of the property and improvement tax for State purposes, improvements have increased very largely all over the Colony. Both the press and the people seem reconciled to the present system, but it has taken some time for the wealthy and well-to-do generally to cease their opposition to the new conditions. . . . Around the income-tax the battle waged most fiercely. . . . But now, after about 6 years' experience, there is scarcely a murmur from those who so violently opposed it at the beginning. . . . Large contributors" (a number of whom were consulted by the Consul after receiving instructions from our Government to report on the New Zealand tax laws), "with few exceptions, admit that it is a just tax, and that they have no desire to return to the old system."<sup>3</sup>

Later the Consul refers to the land settlement and advances to settlers Acts and says (pp. 37-38) :

"I need scarcely add that the large landholders, the mortgage companies, and the money lenders generally did not favor this kind of legislation, particularly the cheap advances to settlers, but their opposition was utterly futile. With the advent of the one-man-one-vote and the extension of the franchise to women, the power of corporate wealth in this country appears to have been irrevocably destroyed. . . .

"I can say, however, that no ill effects of the change are apparent up to the present; on the contrary, the country is more prosperous and at least as honestly and as economically administered as it was under the old regime.

"To say that this country is, in my opinion, more truly democratic than any country in the world would be merely stating a simple truth; and to say that the present Government is a workingmen's Government is equally true," in the sense that it is largely elected by and pledged to workingmen, and looks out for the interests of workingmen.

"The Government is honestly endeavoring to place the masses in possession of their legitimate rights with as little friction as possible, and at the same time with due regard to vested interests and the propriety of things generally."

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\* See Chapter on Land and Income Tax.

The standard prediction of the Opposition in respect to each new Liberal measure has been that its adoption would ruin the country. The land and tax laws would drive capital out of the islands; the labor laws would hamper industry and limit the productive power of the people; hard times would follow, and bankruptcies and low wages, etc., etc. None of these results have come to pass. Capital has not left, but is more eager to come into the Colony than ever. Wages have not fallen, but have risen in most callings from 15 to 50 per cent between 1891 and 1901, as is proved by comparing the wage rates for fifty lines of business given in the Year Book of 1892 with the present rates for the same callings as given in the last two Year Books, 1901 and 1902. New Zealand's per capita income is the largest in the world, and is steadily rising. Hard times have not resulted from her land and labor laws but the contrary. Hard times may come perhaps by reaction from possible depression in European markets, on which New Zealand's commerce depends, but the indications are that so far as her progressive legislation is concerned, it is a cause of prosperity, and if hard times do come it will be by outside influence in spite of her Liberal laws and not because of them. Moreover her successful resistance to the panic of 1893 that swept over all the rest of the civilized world would indicate that it will take a pretty vigorous outside influence to overcome the momentum of her prosperity and the defenses of her advanced legislation.

In December, 1895, a leading authority said: "The prosperity of New Zealand is patent to all. A country which can spend £1 (\$5) per head of population on public works in five years out of revenue, must be in a thoroly sound condition."<sup>4</sup> How clear then must be the prosperity of a country that can spend \$14 per head on public works out of revenue as New Zealand has done in the last five years, counting from this writing in 1902, and \$6.50 per head in 1900 and 1901 alone. In June, 1900, as noted in the chapter on Arbitration, the Canterbury Chamber of Commerce, one of the chief mercantile associations in the Colony, declared that "Probably at no period in the history of New Zealand can we find such unmistakable signs of general prosperity as we experienced during

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<sup>4</sup> Westminster Review, vol. 144, p. 646.

the past year. Our industries, almost without exception, have had their capacities taxed to the very utmost, skilled labor has been practically unobtainable, and except in the case of one or two exceptional trades, there is every prospect for a continued demand for the productions of New Zealand labor."

In 1901 the Royal Commissioner sent by New South Wales to examine New Zealand conditions, with special reference to the Arbitration Act and its effects, reported that "New Zealand, since the Act has been in force (1895), has been advancing on an ever-increasing wave of prosperity." Writing this Fall (1902), Mr. Reeves says: "Times are very good now. For some years the Colony has been very prosperous. For the last eight years the Government has been able to aid in making railways and those other public works which in the colonies are usually paid for out of loan moneys raised in London. . . . Business is better and bad debts fewer than at any time in the last twenty years." We have already noted the powerful testimony of the census data and labor department figures, showing the enormous growth of industry from 1895 to 1902, inclusive.<sup>5</sup> Wages are rising, houses and stores are in demand, the building trades have more than they can do, new enterprises are starting, business is brisk, the whole Colony has the atmosphere of success. Without asking the reader to take the personal impressions of the writer, who wishes to be a clear and impartial medium for the transmission of the facts, the evidence is overwhelming that down to the present writing (December, 1902) New Zealand's political advance has been accompanied by a most remarkable development of material prosperity.

Nevertheless, in spite of the reports of the United States Consul and other high authorities, the emphatic declarations of the New Zealand press and trade journals, the Westminster Review, and other reputable publications in England and America, the clear refutation afforded by the census data, and the impartial statements of the Australian Commissioners, we continue to hear it asserted every now and then that New Zealand's new laws have brought hard times; that wages are falling, and business is depressed, etc. Even in the midst of the most unmistakable evidences of prosperity, a report was widely

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<sup>5</sup> Chapter on "Arbitration," subhead "Objections."

circulated over a year ago that Premier Seddon had confessed that the Colony was approaching financial embarrassment. When hunted down, it was found that this assertion had nothing back of it except the Premier's statement to a delegation that new loans could not then be raised for new undertakings except at a higher rate of interest than formerly, because (and this, of course, was omitted from the Tory reports) the rates of interest in the English money market had advanced on account of the Boer war.<sup>6</sup> In spite of numerous denials, the report that the Colony was suffering financial embarrassment, by reason of its social and economic experiments, continued to gain currency until it received the attention of the Premier in his annual address to Parliament in 1901, the principal points of which are as follows:

"During the ten years since the Liberal party came into power the population of the country has increased 19 per cent, the exports 40 per cent, and the bank deposits 60 per cent. The wealth of the country per family has increased from \$5,700 to \$7,400—a figure exceeded nowhere in the world. The increase in the Colony's debts is large (\$52,000,000), but the  $\frac{3}{4}$  of it invested in railroads, land settlements, advances to settlers, etc., etc, not only pays interest on the bonds issued therefor, but yields a profit of \$300,000 a year to help pay the interest on the remainder. Even the remaining debt is indirectly profitable, as nearly all of it was incurred for new roads, bridges, and public buildings, and for the purchase of native lands. There is no war debt introduced to depress industry. The gains of the decade have been exceptionally marked during the past 5 years of international prosperity, and most marked of all during the year just ended. During this year the Government reduced railroad rates  $6\frac{1}{2}$  per cent, in pursuance of its policy to reduce these rates wherever the reduction can be made and the roads still net the Government enough to pay the interest on their bonds. Instead of causing a deficit, this cut in rates was followed by such an increase in traffic as to yield the Government more than ever before. Further reductions were made in its custom duties, postal

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<sup>6</sup> Many students of finance consider it a misfortune that so wide-awake and progressive a country as New Zealand should remain so far under the spell of ancient monetary superstitions as to think that she must import from England the coins and bank bills or *counters* with which to manage new industries. So far as she needs machinery or materials from England beyond what her exports can pay for she may be justified in borrowing, but so far as she borrows to get money to loan to farmers, back up her banks, set in motion the labor she possesses, etc., there is no economic justification, for she could create the money for herself and save to her people the interest that goes over-seas for it to English capitalists. Through reasonable limitation of the amount created, and regulation of the currency volume in correspondence with the price level on the Multiple Standard system, the bills can easily be kept at par either with or without a gold reserve. The volume of the legal tender currency in relation to the business to be done with it determines its value. (See *Rational Money*, Equity Series, 1520 Chestnut St., Philadelphia.)

rates, etc., but all these combined, instead of causing the loss of £350,000 (which would have resulted had not business increased), caused, or were followed by, an increase in the Government revenues amounting to £1,660,000."<sup>7</sup>

This year, 1902, early and late, in spite of refutations sufficient to kill anything but a lie the hearer likes to believe, a new batch of misstatements has been circulating in England and the United States, to the effect that prosperity has failed; that drought and bad crops have caused multitudes to emigrate from New Zealand to South Africa, and that the laboring classes are so dissatisfied with the Arbitration Act that they



HAWK'S CRAG, BULLER GORGE,  
Northwestern part of Middle Island.

are going to have the law repealed.<sup>8</sup> The latter statement we

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<sup>7</sup> The financial report for 1902 has already been cited in the chapter on Prosperity and Progress.

<sup>8</sup> Misstatements are not confined to the critics. A famous writer who is one of the most enthusiastic admirers of New Zealand, stated last year in the *Atlantic Monthly* that the Colony has passed a general 8-hour law, but no such law can be found in the statute book, and New Zealand's Agent-General and her Premier say that no such law has been passed. There are 8-hour clauses in the Factories Acts and Mining Acts, but no general 8-hour law.

Another instance occurs in a recent number of the *Philistine*, where it is stated that in New Zealand when a man is arrested and on trial is shown to be innocent of the charge preferred against him, a board of equity estimates the damage caused to him by the mistaken arrest and trial, and the State reimburses him. Unfortunately this much needed application of equity has not come to pass as yet even in New Zealand.

have already dealt with in the chapter on Arbitration. As the acting Premier stated in Parliament, September 2, 1902, the sole nucleus for the nebulous exaggeration was the transient dissatisfaction of one trade-union that did not win its case before the Arbitration Court. The laboring classes as a whole heartily endorse the law now as in the past, and many trade-unions throughout the Colony have passed resolutions approving the decision of the Court in the very matter that led to the rumor of the disaffection of the laboring classes.<sup>9</sup>

The reports of droughts and bad times and a stampede from New Zealand to South Africa are equally baseless. No one at all familiar with the Colony needs to be told that it is still (December, 1902) in the full tide of that remarkable prosperity that has made it the richest and most prosperous country per capita on the face of the earth. Australia has been plagued with droughts, and multitudes have gone from there to South Africa. Someone, whose geography was too weak to tell them that New Zealand is a separate colony, 1200 miles from Australia, and totally different in climate, made the rumor cover New Zealand. The fact is that New Zealand is never troubled with droughts,<sup>10</sup> and so far is the exodus story from the truth that, instead of multitudes leaving New Zealand, multitudes have been coming to New Zealand from the stricken regions of Australia—so many, in fact, that the question of legislating to stop the impecunious influx has been raised in Parliament.<sup>11</sup>

There can probably be no more effective testimony than that of American settlers in New Zealand. I talked a few days since (December 9, 1902) with a gentleman of rare intelligence and force, a well-to-do landholder, who went twelve years ago

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<sup>9</sup> Since the text was written, a letter from Premier Seddon, April 1903, says: "Before the Arbitration Court, as before any other Court, the loser does not relish losing. But the immense majority of the industrial classes in New Zealand respect and esteem the Arbitration Act. It has raised wages, shortened hours, granted holidays, overtime, etc., and in many ways given precious privileges to artisans, while the evergrowing value of trade and business shows that masters as well as men thrive under the Labor Laws of this Colony."

<sup>10</sup> In the letter just referred to, dated April 4, 1903, Premier Seddon informs me that the increase of employment, revenue, business, private and public wealth, exports, etc., that has been so marked a characteristic of recent years, marks "this year of 1903 most of all." "As to droughts," he says, "if we could only give Australia our millions and millions of tons of waste water, the Commonwealth would be as prosperous as we are."

<sup>11</sup> N. Z. Hansard, Sept. 1902, vol. 122, p. 14.



from one of our best States to be a citizen of "Brighter Britain." I asked him how he liked the change, and in answer to this and other questions he said:

"I have never ceased to love the United States, but shall always be glad I went to New Zealand. They call it God's Country, and that comes very near expressing the truth. It is a wonderful land, a land of plenty, peace, prosperity, and progress. The people have taken hold of social and economic problems fearlessly and intelligently, and inaugurated reforms in advance of any other government in the world. The arbitration system is working well. The workingmen have brought too many suits, that's all. The labor situation is on about the best possible basis. Prices, wages, and prosperity are all on the up grade. Taxation? That is all right. We find the land and tax laws are good, now the change is made. I pay land and income tax. The taxes are not heavy. Woman suffrage? Well, it is working smoothly now. At first chiefly the rougher sort voted, and I did not approve of it. But that is righted now; the better sort vote, too, and it is all right. There has been a little too much labor legislation lately to suit some of us, that's all."

"Are you a supporter of the Seddon Government?"

"No; I'm an Independent and Prohibitionist. I am for Parliament as an Independent-Conservative."

"Do you believe in the Referendum?"

"Yes."

This is a specially interesting bit of testimony, because it comes from a former American citizen of prominence, a man politically opposed to the present Ministry; yet his thought is substantially identical with that of the bulk of the middle and working classes who support the Government.

Like every other progressive individual or organization, New Zealand is abused on the one hand for changing the old ways at all, and on the other for not transforming human nature in the twinkling of an eye. The slightest thing is seized upon as a basis for objection. On the idiotorial page of one of our great dailies there is a statement that New Zealand cannot be very satisfactory to the inhabitants, judging from the large number of departures in proportion to population. It would be equally brilliant and conclusive to affirm that Mr. Jones (who is seen coming out of his house three or four times a

day) cannot find his home very satisfactory, judging by the number of times he leaves it, or to assert that a hotel cannot be very popular because so many people are seen coming out of it. You must compare the arrivals with the departures, and find out the nature of the outgo before you can draw any inference from statistics of travel. When we do this in the New Zealand case we discover that the arrivals far exceed the departures, and that the departures consist of tourists who have been to see New Zealand's beautiful scenery or famous institutions, and of New Zealanders who are going abroad for business or pleasure. Both classes of travel are relatively very large, a fact which illustrates the attractiveness and prosperity of the Colony.

Some object to New Zealand because she has so large a debt. But her assets are still larger than her debt,<sup>12</sup> and even if they were not, what difference could that make in the value of industrial arbitration, coöperative industry, Government loans at a profit, progressive taxation, closer settlement, employment for the unemployed, etc., etc.? A man may be in debt beyond his depth and still be an admirable inventor and discoverer, a statesman of high ability or a great political and social reorganizer. And it is the same way with a nation. But it is not so in New Zealand's case, for, tho great in invention and reorganization, she is very far from being insolvent; so far, in fact, that, as already stated, she is, per capita, the richest country in the world.<sup>13</sup>

At the opening of nearly every Parliament for a time, the Conservatives moved a vote of want of confidence in the Liberal Ministry, but without success, and with less chance of success as the years demonstrate the splendid service the Liberal Government has rendered the Colony, as attested by the prosperity and happiness of the common people.

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<sup>12</sup> See next chapter.

<sup>13</sup> See Part III. New Zealand's Place Among the Nations.



## CHAPTER 75.

### THE NATIONAL ASSETS.

The Government of New Zealand, or, more accurately, the Commonwealth, owns over half the land of the Colony, most of the banks, about all the railways, all the telegraphs and telephones, the post-office and express service, the common school system, roads, parks and lighthouses; it also owns some hotels and sanitariums, gas and electric plants, warehouses, water



BRUNNERTON BRIDGE, OR THE GREY GORGE  
RAILWAY SUSPENSION BRIDGE.

works and docks, besides forests, farms, and mines; and its system of employment bureaus, loan offices, and insurance agencies extends throughout the Colony. It is the largest receiver of rents in the Colony, and the largest employer of labor. It has the largest life insurance business and the largest business as trustee of estates. It acts as chief commission merchant, chief adviser to farmers and dairymen, chief educator

to the whole people, chief conveyancer, chief coöperator, chief law-maker, chief arbitrator and chief defender.

Some idea of the value of the National Assets, or properties and investments of the State engaged in these services, may be gained from the following statement:

National Assets.		Value
State railways (tracks, bridges, stations, rolling-stock), etc...	\$92,000,000	
Ordinary roads and bridges . . . . .	27,000,000	
Telegraphs . . . . .	4,250,000	
Telephones . . . . .	853,000	
Public buildings (schools, hospitals, courts, post and telegraph offices, warehouses, Parliament Buildings), etc...	11,800,000	
Banks . . . . .	2,427,000	
Water-works and mining investments (gold and coal).....	3,130,000	
Lighthouses, docks, and harbor and river works.....	2,340,000	
Defenses (general and harbor).....	4,520,000	
Thermal baths, hotels, etc.....	252,000	
Other departmental works, gas and electric and minor works.	2,910,000	
Lands owned by the State and leased out . . . . .	33,940,000	
Other State lands with minerals, forests and improvements..	39,000,000	
(Aside from the buildings, etc., above mentioned.)		
Loans to municipalities and other local bodies.....	7,200,000	
Loans to settlers . . . . .	12,600,000	
Total . . . . .	\$244,232,000	

It must be remembered: (1) That the State lands are estimated at very low values. In case of the leased lands, for example, the Government valuation is probably not over half what private owners would claim. (2) Several million acres of public forest are valued at \$5 to \$10 an acre, whereas they are fairly worth three or four times that amount in all probability. (3) The railways, telegraphs, telephones, posts, banks, mining properties, harbor works, etc., are valued at their structural, or cost, values, with no allowance for franchises, which in this country would be capitalized at high figures if the services were owned by private capitalists. It appears, therefore, that the above statement would have to be largely increased to get at the real market values. According to American methods the railways would be valued at not less than double their structural value,<sup>1</sup> or about \$200,000,000, and

<sup>1</sup> If, instead of the cost less depreciation, or the expense of duplication, or the corporation value based on possible earnings, we consider the real worth of the railways in terms of former methods of transport, we shall

telegraphs and telephones, post and express, would stand at three or four times the actual investment. The State banks are not put down in the list of public assets in the Colony's official returns, not even the investment in the big central bank controlled by the State, but they certainly belong on that list with a good round value. The holdings of any private corporation controlling the heart of the financial system of a prosperous nation would be valued far beyond par. The stock of one of our New York banks, the Chemical, sells for over 40 times its face value (shares of \$100 par value are quoted at \$4100 bid and \$4300 asked), and the stock of another, the Fifth Avenue Bank, sells for more than 36 times its face.

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find, according to Acting-Premier Ward, that "The real value to the country of its railways is far more than sufficient to cover its national debt." In fact, his figures show that the real value of New Zealand's railways is something like half a billion (\$500,000,000). His estimate is as follows:

"People have become so accustomed to the daily running of the railway system of the Colony that very few take the trouble to institute a comparison between the present means of locomotion and those which existed prior to the establishment of the railway service. The enormous indirect value of our railways is not appreciated to its full. I have been at some pains to ascertain what was the cost by road and by rail of the conveyance of passengers and goods at two different periods, viz.: 1875 and 1897. The information I have obtained shows that the rates now ruling for road carriage in those portions of the Colony not yet served by railway, vary but little from the rates ruling for road conveyance in the early days of the Colony, and they are still from twice to three times as high as the existing railway rates for similar distances.

"In 1875 passenger rates were, for sixty miles, by road, £1; by rail for the same distance, and between the same points, they are now only 5s. 7d. The road rates in this case were thus 258 per cent greater than by rail. Goods were charged £5 2s. 6d. per ton, against £1 10s. 1d. per ton, respectively, or 241 per cent more by road than by rail. If similar rates were charged on railways the charges to passengers for using our railways would be £1,602,229, and goods would cost for their carriage £2,676,485.

"The total cost for conveying passengers and goods, therefore, would be £4,278,714, from which, deducting £1,250,000 for railway expenses, we obtain a balance of £3,028,714. This amount, capitalized at 3 per cent, produces £100,957,133, which huge figures represent the additional value of the railways over old methods, or the value by saving.

"In 1897 the passenger rates were, for thirty-four miles, by road, 12s. 6d.; by rail between the same points they are now 2s. 11d., or 329 per cent greater by road than by rail. Goods were charged £2 5s. per ton, against 17s. 9d. per ton by rail, or 154 per cent more by road than by rail. If similar rates were charged on railways it would cost passengers £2,043,152 for the same distance, and under the same circumstances the cost of conveying goods would be £1,710,285. The gross cost for carrying passengers and goods at wagon rates would, therefore, be £3,753,437, from which, again deducting present railway expenses, £1,250,000, we obtain a balance in favor of our railways of £2,503,437, which, capitalized at 3 per cent, gives £83,447,900.

"I have shown only for purposes of comparison what the capitalization on a 3 per cent basis of the saving of both periods, 1875 and 1897, would be.

"Our products are now being carried at far less than one-third the cost of land carriage by road-wagon, and our passengers at from one-quarter to one-sixth of the coaching fares, and vastly better accommodation, to say nothing of the saving of time and increase of comfort."

The Minister has aimed to show the *capital value of the saving* effected by the railways. But they have a value besides that. If a successful system of

Against the National Assets stand the following liabilities:

Railways .. .. .	\$78,020,000
Roads and bridges . . . . .	23,150,000
Telegraphs and telephones .. . . .	4,240,000
Mines .... .	3,610,000
Lighthouses and harbors . . . . .	2,430,000
Other public works, buildings and improvements.....	18,815,000
Land purchased from natives ... . . . .	10,540,000
Land purchased under "Settlement Acts".... . . . .	10,060,000
Banks . . . . .	2,427,000

Advances to settlers ..	II,540,000
Loans to municipalities, etc....	7,200,000

Maori wars .. . . .	II,430,000
Defense .. . . .	8,235,000

Provincial debts assumed by the State when the provinces were abolished	
Expenses of raising loans, funds to cover insufficient receipts in years of depression, etc. ....	37,000,000

Subtract accrued sinking fund .....	5,010,000
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Total debt . . . . .	\$235,577,000
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Such considerations do not, of course, affect the balance-sheet, but they are of much interest in the study of comparative wealth—the value of the

A large part of the Provincial debts taken over by the State were for public works, roads, bridges, harbor improvements, railways, buildings, etc., but I have not been able to ascertain the amount.

#### THE DEBT.

This is a large debt, nearly \$300 per capita, the largest public debt in the world in proportion to population except in Queensland, South Australia, and West Australia.<sup>2</sup> But the assets are still larger than the debt. A private railway company is considered in most excellent condition if it has structural value or actual investment equal to its stock and bonds. Why is it not the same with a nation? When there is dollar for dollar of valuable property behind the liabilities, a company with \$300 liabilities per member is not worse off than a company with \$10 debt per member; and if its property, franchises and all are worth much more\* than its liabilities, while the other company has more debt than property, the company with large liabilities is in much the better condition. If a company increases its assets and its liabilities together, the increase of obligation is a sign of increased wealth; and if the Government acquires a billion dollars worth of railway property well located and constructed, and incurs a billion of debt for them, the people are not worse off than before. The ownership of railways and telegraphs by a private company is not an element of poverty or weakness, but an element of strength and riches. It is the same with a nation. If a company owned all the land

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national assets in terms of the wealth or means of accomplishment possessed by the last generation.

The difference between the railway service and wagon transit in operating efficiency is far greater than the difference in total cost. That is, 100 men with railway trains, tracks, etc., can move many times the freight and passengers that can be moved by 100 men with horses and wagons. But the great cost of roadbed, rolling stock, and stations makes the contrast of values and charges far less pronounced than the contrast of operating efficiency.

<sup>2</sup> It would not have been surprising if New Zealand's debt per capita had been found to be the greatest of all, for her assets are the largest, and she has also had a considerable outgo that Australia has escaped. During the many years that England regarded Australia as an Imperial Prison, the Home Government financed it and provided it with many public works, but New Zealand had to provide her own. Moreover, there were no Maoris to buy out or fight at great cost; the savages in Australia were so few and so degraded that they were ignored in the settlement of the country. The English recognized no right of possession in the former inhabitants of Australia or Tasmania and they were not strong enough to resist, so that only New Zealand has interest to pay on native land purchases or native war debt.

\* More than double, as we have seen above.

and monopolies in this country its per capita liabilities might be exceedingly high without preventing its being the wealthiest company in the world. It is the same with the nation.

It will not do to judge a company's condition or a nation's by its liabilities alone.<sup>3</sup> We must look to see what is behind the debt. National debts so frequently represent smoke and battle that there has come to be a sort of assumption that a national debt is a dead weight, a burden of the past upon the present. Take, for example, the following items concerning the debt of France:

For Bonaparte's wars* . . . . .	\$250,000,000
Restoration indemnities . . . . .	290,000,000
Conquest of Algeria . . . . .	184,000,000
Crimean War . . . . .	451,000,000
Wars in Italy, Mexico, etc. . . . .	160,000,000
Franco-German War . . . . .	1,555,000,000
Public Works . . . . .	1,260,000,000
Loss on issue of loans . . . . .	1,000,000,000
Sundries (palaces), etc . . . . .	1,000,000,000
Total . . . . .	\$6,155,000,000

Here is a debt of \$160 a head and nearly all dead weight; nearly half of it for gunpowder, and over half the remainder for palaces and other flummery, and losses on loans. Only one-fifth of the total debt is for public works. In England and America also nearly the whole debt is for war, and very little for public works. In the case of New Zealand, less than 5 per cent of the debt went for war; at least 60 per cent (probably over 70 per cent) represents public works and land; 8 per cent more went for paying investments in loans to settlers

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<sup>3</sup> An English nobleman, director of a great company, said to a New Zealander: "It seems to me your Colony is going to the dogs." "What makes you think so?" replied the colonist. "You are in debt so large an amount per head that I think you must be in a very bad way," said the Englishman. But he was asked: "Would you make out the balance sheet of your company in that way, only showing the liabilities and not the assets? If you did so, you would find your debt much greater per head of the stockholders than that of New Zealand; so that according to your test you are in a very bad way, a much worse way than we are, altho you think you are one of the richest companies in England. New Zealand does not begin to pile up indebtedness like the flourishing companies of Great Britain and the United States."

\* Napoleon was in the habit of taking funds and valuables wherever his armies went, with a view of making the conquered countries pay for the privilege of being conquered; so the debt incurred for his wars never was as large as the magnitude of his operations might lead one to expect.



and municipalities on good security; and about 5 per cent was used for the encouragement of immigration, which might also be considered a productive investment.

When Sir Julius Vogel asked for the first appropriation for public works and immigration in 1870 he said: "The million and a half (pounds) for immigration I suppose to be expenditure of an immediately productive nature."<sup>4</sup> If the money had been spent to put cattle on the land it would have been considered a business investment, and men are certainly worth quite as much to the country and its productive power as cows and horses. A good cow will produce forty or fifty dollars worth a year in New Zealand, and a good man one or two thousand dollars worth. It is the presence of the people that gives value to the land and buildings and everything else.

It appears then that only about 5 per cent of the New Zealand debt is waste, while 80 per cent of the French debt is unproductive, and in the case of England and the United States over 90 per cent of all the debt ever incurred has been for war and economic waste entailed by the misbehavior of men.

To sum up this important matter: There are two kinds of debt: one representing existing value, and the other nothing but fireworks or some form of waste. These two sorts of debt must be carefully distinguished, or increasing wealth may be mistaken for poverty, and *vice versa*.

New Zealand's debt represents in large part the value of railways, telegraphs, telephones and other public works owned by the State; and another large part represents land purchase and loans to settlers. All these investments are remunerative.

Of the 52 million dollars net addition to the public debt since 1890, over 50 millions went for lands, railways, telegraphs, water-works, peopling the land, advances to settlers, and other public works and paying investments. The revenue producing assets so secured not only pay interest on their own bonds, but yield a profit of \$300,000 to help pay interest on the remaining debt for roads, bridges, schools, public buildings, etc., the charge for which would otherwise have fallen wholly upon taxation. In other words the increase of debt in New Zealand in the last decade beyond what it would have been under a policy like that pursued in this country, not only pays for itself, but relieves taxation on the ordinary lines. The fact is the profits which with us go to private companies and individuals owning railways, banks, land,

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<sup>4</sup> New Zealand Parliamentary Debates, Vol. 7, p. 106.

etc., are being claimed by the State in New Zealand through these investments represented by the debt, and are being distributed among the people in the form of lower rates, interest, and rent, and lower taxation for roads, parks, schools, and other free public utilities.

One-third of the total debt is for railway construction and equipment, and the property is worth more than it cost. New Zealand has something to show for her debt. In spite of the Maori war debt there is a dollar of public property for every dollar of public debt. This is considering actual constructive values only. If we include franchise values also, as private owners would do, there are over two dollars of assets for every dollar of debt. New Zealand and Australia enjoy the fine distinction of being the only countries in the world whose public debts stand chiefly for public works instead of public wars, and represent construction rather than destruction. Increase of debt with them means increase of assets. This sort of debt does not increase the burdens of the people, but the contrary. When a private corporation issues stock or bonds and makes a new investment, it does not deem its members burdened, but enriched; and it is the same with the big company we call the State. If a State owed 2 billions and the railway systems 12 billions, the public debt would be increased six-fold by making the railways public; but there would be no more debt in the country than before, and no increase of public burdens if the railway is a paying concern.

In his report to our Government in September, 1896, the United States Consul at Auckland says:<sup>5</sup>

"Notwithstanding the admitted prosperity of the Colony and the fact that the Government has had a substantial surplus over expenditure now for a number of years, the national debt continues to increase. But this increased indebtedness is not of the usual character of debts, for the reason that the country has security for nearly all the money borrowed. Money had to be borrowed under Government guarantee to save the Bank of New Zealand from closing its doors. This was done to avert financial disaster, and if the Government had not come to the rescue at the critical moment it would have brought the Colony to its knees. The Government holds the principal assets of the bank as security, and these are presumed to be ample.

"Money was borrowed to purchase large estates for the purpose of settlement. Those who take up land under this system pay an annual rental sufficient to cover the interest on the purchase money and the cost of administration. The land is always vested in the Government and this must be regarded as a good asset. One million and a half sterling was borrowed last year in England at 3 per cent per annum. This £1,500,000 loan is called the 'advances to settlers loan.' This money is lent out to farmers at 4 per cent per annum.<sup>6</sup> One per cent is considered sufficient to cover the cost of administration."

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<sup>5</sup> U. S. Consular Reports, Jan., 1897, p. 37.

<sup>6</sup> The interest was not 4 per cent but 5, and is now  $4\frac{1}{2}$  per cent. The Consul has mistaken the interest *allowed* the farmers on partial payments for the interest charged them on the loan. Otherwise the statement is accurate.

service, establishment of postal savings banks, telegraphs, and

In the general opening debates of the Senate in July (1902), a member proposed the conversion of the debt into bonds at 2½ per cent, saying he thought the money could be had at that rate. The Hon. A. L. Smith continuing the discussion said:

"I do not think, sir, that fifty millions of debt in a Colony like this is very burdensome. . . . When we come to think that about twenty millions sterling are invested in railways" (ten millions in lands for settlement, advances to settlers, the bank, etc.), "and when we consider that the amount is only something like twenty-five weeks' cost of the late war to Great Britain, or when we come to compare it with the great railway and other private corporations of Great Britain with their immense debenture capital, and remember our great national wealth and the great potentialities of our Colony, our energetic people, and our fine stimulating climate, I look upon fifty millions as of no moment whatever. Why, Mr. Morgan has lately created a shipping combine which represents thirty-four millions, in one stroke, of ships that in ten years' time will be all obsolete. But I question (I do not wish to use possibly an objectionable term), I question the commercial ethics displayed in this operation. It is almost a crime to so overload the values." (New Zealand does not inflate her liabilities; there is a dollar of value and more behind every dollar of securities) "I predict that, within a few years from now, Mr. Morgan and his confrères will have got away with an enormous amount of money from the public, and will have been lost sight of. I remember a large American combine which was formed about ten or fifteen years ago with ten millions of money, and to my knowledge it has been reconstructed four times since, and is now in a hopeless state of financial confusion. : . . But as to our fifty millions of debt, it is a mere flea-bite as compared with our resources."

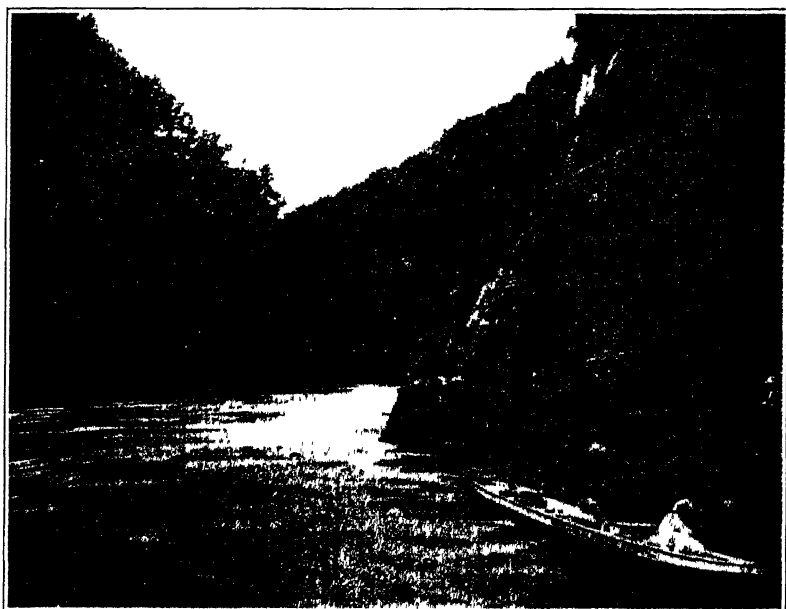
The Hon. W. P. Reeves says in *State Experiments in Australia and New Zealand*, September, 1902, pp. 47-8:

"Speaking broadly, I assert without hesitation that the colonies have done wisely in making land transport a State function, and in floating State loans to be spent on telegraphs, telephones, tramways, waterworks, harbors, land purchase, loans to farmers, etc. If they had not done this their country would now be in the grip of financial and land-owning companies; their masters would be forming the inevitable trusts and pools; industry would have to provide dividends on a number of huge, over-capitalized concerns; colonists would have to pay an excessive price for every public convenience; and democracy in Parliament would be bought or bullied as the policy of the financiers might seem to require. Nor can there be a reasonable doubt that most of the public loans, perhaps nine-tenths of them, have been well spent. The direct and indirect return is found in the ease with which the

interest on them is paid, the rapid development of trade and industry in the last thirty years, and the high standard of comfort enjoyed by the colonists."

In his "National Wealth and Industries" (1890), Mulhall speaks of the debts of Australia and New Zealand as follows (substance condensed) :

"No other country ever had such a debt (£52 average per head, 1894). The highest on record is £48 a head in England after Waterloo, and the present average in Europe is £15. (1) But 60 per cent of the Australasian debt is for State railways and telegraphs, which leaves



ON THE UPPER WANGANUI.

£20 per head. (2) *The public lands leased to squatters are worth more than the whole debt.* (3) The wealth of Australasia averages so high that the whole debt may be deducted and still leave a higher average wealth than in any other country. (4) The earnings of the people bear a very high ratio to the taxes."

The remarks of the same famous Statistician in his "Dictionary of Statistics" (1899) in regard to the debts of Australia and New Zealand are also of much interest in this connection.

"Public Works," he says, "represent 94 per cent of the actual debt, namely 213 millions sterling, including 156 millions spent on railways,

telegraphs, water supply, etc., which bring in a gross annual income of 12 millions sterling, or 40 per cent of the total revenues. The remaining 57 millions were expended on roads, bridges, parks, public buildings, etc., which produce no (direct) income tho of equal utility."

"The annual charge for the public debt after deducting the net profits of the railways is exactly 20 shillings (\$5) per inhabitant. If we deduct from this the revenue received from public lands (17s.) it appears that the debt of Australasia imposes a burden of only 3s. (75 cents) per inhabitant out of ordinary revenue."

In the case of New Zealand the burden is even less than this. If the net receipts from all public business, railways, telegraphs, telephones, postal service, rentals, registration fees, etc., are subtracted, there is only 50 cents per capita left of the debt charge (interest and sinking fund) to come out of taxes. Great Britain had to pay \$2.50 per head out of taxes on her debt before the Boer war, and now it is much more. In France the annual debt charge is over \$6 a head, and more than \$4 a head after deducting all net income aside from taxes. In the United States with the lowest national debt per capita in the world, the annual charge is 42 cents a head, and the net charge against taxes about 35 cents. This comparison with the United States, however, is not entirely fair, because the New Zealand debt includes the State (or provincial) debts as well as the national debt. If we include the State debts in this country the net debt charge would be about 52 cents per capita, substantially the same as in New Zealand.

For several years now New Zealand has shown her ability to get along without further borrowing if she chooses. She can extend her public works out of revenue and gradually pay off the debt so that she may not merely have a dollar of national assets behind every dollar of liability as at present, but many millions of assets with no liabilities against them. The increase of population and development of industry will help the process. As the country fills up the present slight burden of debt beyond productive public income will diminish, if the suggested policy is carried out. New Zealand has spent large sums for land (paying the Natives, instead of taking their territory by force or cunning) and for railways, etc.; now she has a good income and can pay off the bonds and own her plant clear. She is like a young man who has spent a large amount on his education and equipment for business, land, buildings, machinery, etc., and is realizing an excellent

income that yields a good surplus above a comfortable living, which surplus he may use to pay off his debt, or may do as our corporations usually do, content himself with the payment of interest on his obligations, and use his surplus for the extension of his plant, and even increase his indebtedness for this purpose if he thinks it would be to his advantage.

Other things equal it is probably better for the individual, the corporation, or the State, to get clear of debt as soon as conveniently possible. Especially is it important to free the railways, telegraphs, telephones, and other public services, from capital charges. But the presence of debt is not in itself a cause for alarm or even for criticism. However great the debt may be, the assets behind it, and the values secured by it, may be greater still.

Recurring to the statement of assets at the opening of this chapter, we wish to call attention to the fact that it is not complete, either philosophically or in an ordinary business sense. The civilization and manhood of a nation, its laws and institutions, the character and intelligence, skill and industry of its people, are elements of wealth, factors in production and industrial power, and items of the national resources, the value of which cannot be accurately estimated, but is none the less very real. We may gain some conception of their importance by imagining what would be the annual wealth production of New Zealand if her 800,000 honest, intelligent, skillful and industrious people with their excellent government, were taken away and the Islands filled with untamed Indians, or with shiftless, ignorant, misgoverned Turks under a rapacious and oppressive despot. A New Zealand laborer gets \$2 a day and is worth it. An ordinary Turk gets 14 cents a day and isn't worth any more under the conditions that control him in his own country, with a government and institutions that destroy a large part of the energy and efficiency he might otherwise possess. The per capita wealth and income of a nation afford some indication of the relative value of its civilization elements, and on this test New Zealand heads the list.<sup>7</sup>

#### SCENIC ASSETS AND TOURIST DIVIDENDS.

There is another item of the national assets the value of

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<sup>7</sup> See Part III, "New Zealand's Place Among the Nations."

which I have not been able to calculate. I refer to the scenery, which is a source of considerable income to the Government and the people, and is likely to be a rapidly increasing source of profit in the future.<sup>9</sup> In the warm months (December to March) the mountains are full of travelers from every part of the globe. The Government is the chief excursion agent, printing illustrated guide books (which it sells at cost), carrying the people on its railroads, keeping them in its hotels and summer resorts, and curing them in its medicinal springs. It may be well to relieve this rather mathematical chapter by some account of the scenic resources of the Colony.

If you imagine yourself looking at the country from the windows of a trans-Pacific aerial automobile you will note the charming fiords of the Southwest coast, the lofty ranges of the "Southern Alps" with glorious summits towering 10, 11, and 12 thousand feet and more in height, and shining glaciers silently flowing down into the very midst of the evergreen woodland. In blooming December the lowlands and mountain valleys are full of beautiful flowers; and the rich verdure against the white background of the snowy mountains, with the sunny sea in the foreground, makes a picture never to be

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<sup>9</sup> The Land Report for 1900 says it is estimated that tourists who come to see the beauties and natural wonders of the country and visit its health resorts, annually leave at least \$500,000 in the Colony besides their contributions to the customs. If half of this is profit, as is likely to be the case with tourist charges, the present capital value of New Zealand's scenery, snowy peaks and thermal springs, etc., would be about 5 millions. But this does not include home consumption, or the value of the scenery to the New Zealanders for their own use and inspiration, nor does it allow for future earning capacity, which may develop to almost any extent without much additional capital, as the scenery does not require repairs, and no further investment in mountains, glaciers, volcanoes or boiling springs will be necessary. It is not impossible that in the course of time as ocean travel improves, travelers enough may visit New Zealand from England and Australia to pay off her English debt. It only takes a few travelers to pay off a big debt if you know how to handle them.

New Zealand understands the monetary value of scenery as well as Switzerland, which has had for many years an excellent income from her landscapes, not by the productivity of her soil, but through the attractiveness of her lakes and mountains, turning her beauty into cash by judicious management of the travelers who come to see the Alps and get a breath of the mountain air. In Switzerland, however, the golden harvest has fallen to individuals who did not build the Alps nor invent the snow, nor do anything else to give them any claim to profit from the scenery. In New Zealand a considerable part of the dividends on scenery, the financial returns from mountain, glacier, lake and sky, are absorbed by the Government for the benefit of the whole community, which alone has any title to or property in the artistic efforts of nature, if indeed any one has such a title. In the last analysis it is probably unjust for either Government or individuals to charge more than the fair value of the services rendered the traveler without inflation for scenic dividends or monopoly of visual delights, and the Government method will come much nearer this ideal than the ordinary individual tourist-taxer.



MOUNT TUTOKO, 8000 FEET HIGH.

*A Beautiful Mountain in the Middle Island, just above Milford Sound.*



forgotten. In the North Island your interest will be attracted to the district devoted to earthquakes, geysers, and medicinal springs, and infested with volcanoes and boiling pools, steam and sulphurous vapors, which the Government has set apart for a pleasure park and health resort, building a fine sanitarium and enormous baths to make the district profitable to the people as well as useful and attractive.

This scenic wonderland, this Switzerland of the South, with Dante's Inferno added and Norway's fiords and Italy's skies, has in all about 66 million acres—28 million acres fit for agriculture, including forests and swamps that can be made fit, 27 millions adapted to grazing, 9 millions devoted exclusively to scenery, mountain tops, glaciers, etc., and 2 million acres of Hades also on exhibition.

The forest is a dense jungle of luxuriant beauty, giant trees crowded together, bushes, ferns, shrubs, and flowers. The prevailing color is a rich dark green relieved by bright fern fronds, light tinted shrubs, crimson and snow-white flowers.<sup>9</sup> Orchids and grasses, climbing ferns and lichens, often conceal the tree trunks. Many of the forest flowers, the white convol-

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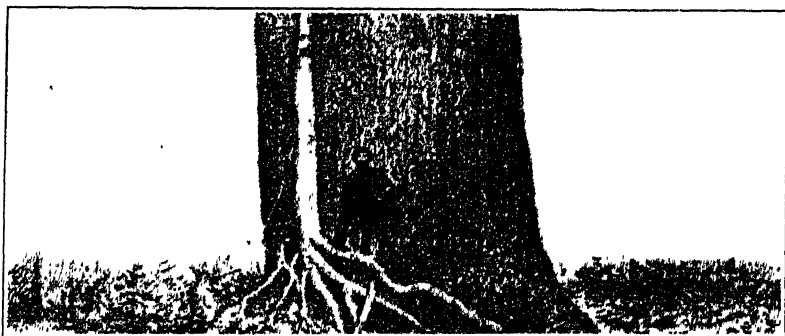
<sup>9</sup> Following the custom of Australia, the New Zealanders call their forests "bush." In this "bush" some of the finest timber in the world is found, splendid trees, tall and straight as if expressly planned for the masts of ships, and trees that make such excellent materials for tables, chamber suits, wainscoting, etc., that the timber is shipped in large quantities to Europe and America. The most valuable of these timber trees is the Kauri pine. It grows to a height of 150 feet and is often 10 or more feet in diameter. The specimen in the accompanying picture is 46 feet in circumference. A mottled variety is much prized for expensive finish, veneers and cabinet work. It has dark, wavy tints running through the wood, sometimes resembling long ostrich feathers. Such lumber is worth from \$200 to \$500 a thousand feet, and a single tree may yield twenty or thirty thousand feet.

One of the principal mineral exports of New Zealand consists of the fossil gum produced by ancient forests of Kauri. The trees of these former forests have long since died and rotted away, leaving in the earth the lumps of gum or resinous matter that had exuded from the trees and gathered in the crotches of the branches. A traveler may see natives and whites too, hunting for the lumps of kauri gum with long steel prods, and digging them out with a spade. A good income is often realized in this way. The gum is used for making fine varnish and as a substitute for amber. Many a shining coach, cabinet and sideboard both in Europe and America is coated with this New Zealand varnish. Lumps of kauri gum are sometimes found as large as a barrel and weighing 140 pounds, but most of the pieces are much smaller. Two young Americans found a deposit in a kauri swamp from which it is said they dug 70 tons of excellent gum in two years. As the average export price is \$300 a ton, and fine gum brings more still, it is easy to see that they did about as well financially as if they had been appointed judges of the United States Supreme Court, tho not quite as well, perhaps, as if they had got themselves elected to the Legislature or appointed by the machine to the St. Louis or the Philadelphia Councils. (We say appointed advisedly, for we believe in dealing with the substance of things and not merely their form. In form the councilmen of Philadelphia are elected by the people, but in reality they are appointed by the bosses.)



vulus, the starry clematis, the feathery blood-red rata, etc., are lovely and abundant. When the rata blooms in February there are gorges in the New Zealand Alps that are ablaze for miles with "flowers that with one scarlet gleam cover a hundred leagues, and seem to set the hills on fire."

The convolvulus covers whole thickets with blooms as delicate as carved ivory. Everywhere among the flowering creepers, shrubs, and trees you may meet this beautiful bloom. The koromiko with white and purple blossoms, and the mamika with tiny starry flowers, also add their charm. But the king of the forest flowers is the crimson feathery rata; yet sad to relate, both the creeping variety and the tree are parasites. Most gorgeous of all the flowering trees, however, as distinguished from shrubs and creepers, is the sea-loving pohu-



A KAURI TREE 46 FEET IN CIRCUMFERENCE.

*It is about the same girth over 40 feet up from the ground, where it branches. There are records of trees 22 feet through and 70 feet round. Large groves of kauri grow in the Auckland district. A kauri forest is grand. Massive trunks, in dark grey bark, rise close together to a great height, their spreading arms and deep green leaves presenting a picture of the greatest luxuriance and vigor. Some of the kauris are among the oldest trees in the world, originating long before the Christian era, yet they exhibit all the life and exuberance of early youth.*



#### ON A FOREST RIVER IN THE NORTH ISLAND.

The New Zealand forests are evergreen. Many species of trees and ferns grow side by side, in the cool, deep jungles, giant thickets and noiseless forests of the North Island. The general hue is dark green, relieved by soft fern fronds, light-tinted shrubs, and crimson or snow-white flowers. All through the kauri-totara district the southern palm is plentiful, and is everywhere accompanied by noble tree-ferns and palm-lilies. Numerous shrubs compose the underwood, and the ground is carpeted with a rich growth of delicate, filmy ferns. Over wide areas on the lower levels pines and cedars are the dominant trees, while on the mountain slopes, from the 1,000-foot level up, the beeches form the bulk of the forest. Over twelve hundred thousand acres of forest reserves have been set off by the Government, but more yet should be guarded, for reckless man can destroy in a day what it has taken Nature ages to develop, and would take her ages more to reconstruct. In the Auckland district, especially, some of the most magnificent sawmills in the world are working day and night ripping up the splendid kauri forests into lumber, depriving the soil of its due protection, and robbing future generations of their rightful inheritance.

tukawa with brilliant blood-red flowers, and leaves that are dark on the upper surface and downy white beneath, most beautiful in the breeze. The ferns range all the way from the dainty maidenhair to giant tree-ferns 30 to 60 feet high, and show all shades from the palest tint to deepest emerald and a green so dark it seems to be black.

Through all this splendid verdure and the cool fragrance of the forests many tumultuous rivers rush from the mountains



THE DROP SCENE, WANGANUI RIVER.

to the sea, and numberless waterfalls pour down from lofty cliffs. There is abundance of water everywhere in New Zealand except in the railway capital and that of other public utilities; they keep that dry. But there is plenty of water in the landscape.

Slowly moving ice streams come from regions of perpetual snow down almost to the sea, invading the haunts of men and cooling the air with petrified winter from the mountain tops. In some places the glaciers come down within 700

feet of the sea level; and the snow line of the Southern Alps is 2,000 feet lower than in Switzerland, which means that the wonderful land above that line is easily and quickly accessible.

A little way up from the mouths of some of the rivers the drapery of the cliffs along the water is very beautiful. "The dark glossy green of the glistening karaka leaves, the feathery waving foliage of the lace-bark, the white and purple bloom of the koromiko, the richness of the ferns, and the glint of the sunshine as it falls on the golden tossing plumes of the toe-toe, the first cousin of the Pampas grass, with little rills and mists of waterfalls veiling the mossy rocks, or some larger stream gushing out of a dark leafy tunnel of branches,"<sup>10</sup> make up a vision that delights the hearts of all who list to nature's teaching.

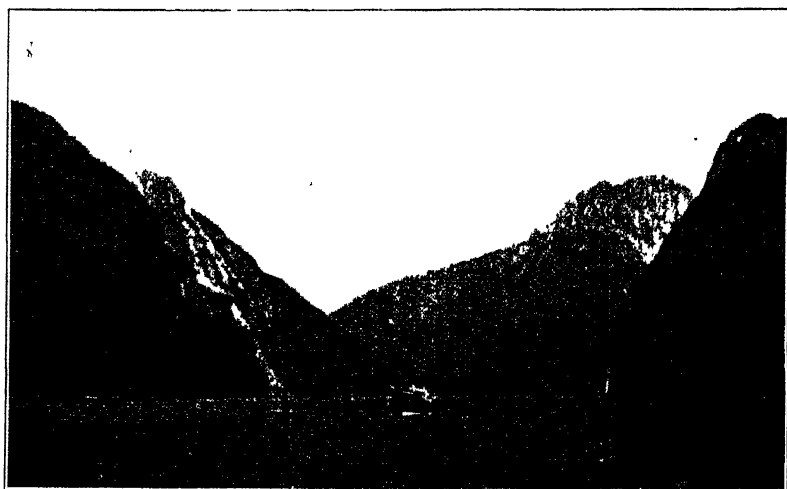
The famous sounds of the Southwest coast have the reputation of being the loveliest series of gulfs in the world. Inlet after inlet winds far in among the towering peaks of the Southern Alps. In Milford Sound, the grandest of all, the precipice rises 6,700 feet from the water's edge to the glacier cap. The lower slopes are clothed with the vivid green of an ever youthful forest seamed with roaring torrents and misty waterfalls, while over all are the glorious summits draped with fleecy clouds and snowy wrappings and with gleaming glaciers. No better description of Milford Sound can be given than that of Mr. Green of the English Alpine Club, from whom I quote the following paragraph:

"Vertical cliffs rose for thousands of feet on either hand, and we drove in before a blast so strong as almost to make steaming unnecessary. The surface of the sea would now and then be torn off in sheets, driven along in spin-drift, and again all would be calm as glass. Waterfalls, resembling the Staubach, came down the cliffs from far above the clouds, and were blown away in spray while in midair by the fury of the storm. Wherever vegetation could get a footing on these immense precipices lovely tree-ferns and darker shrubs grew in profusion, all dripping with moisture, and running up the cliffs in long strips of verdure till lost to our view aloft in the torn white mists. The vivid green of the foliage was the feature of all this wondrous scene which struck me most. Two or three miles up the Sound we steamed close to an immense waterfall which, in one plunge of 300 feet, leaped into the Sound with a roar like thunder, drowning our voices and sending great gushes of spray over the steamer's deck. The face of another great cliff was so draped with numberless small falls that it

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<sup>10</sup> From W. P. Reeves' excellent description in "The Fortunate Isles."

seemed to be covered with a veil of silver gauze about 300 yards in width. While passing along here we fired a gun; echo after echo resounded from cliff to cliff, and from invisible crags high over our heads the echo again returned as a voice from the clouds. The mist now showed an inclination to clear off, the rain ceased, and as we entered the inner basin of the Sound the forest increased in beauty. The totara pines, draped with festoons of grey lichen, contrasted well with the soft green of the great fern-fronds, and formed a suitable background to the scarlet blossoms of the rata which here and there lit up the upper surface of the forest with patches of intense color. Gleams of sunshine began to dart through the clouds, giving a momentary flash on one of the numerous cascades, and then passing over forest and cliff, added new beauties of light and shade. When about eight miles from the open sea a booming sound rose high over the voices of



MILFORD SOUND,

Southwest coast of the Middle Island.

*One of the most beautiful, and perhaps the very finest, sound in the world.*

the numerous cascades, growing louder as we advanced, and rounding a forest-clad point, we came upon the grandest of New Zealand waterfalls, the great Bowen Fall. Its first fall is only about 50 feet into a rocky basin, but, leaping from it upwards and outwards in a most wonderful curve, it plunges down with a deafening roar in a single leap of 300 feet. The *Te Anau* was allowed to drift up in the eddy caused by the fall, and being caught by the stream in the midst of drenching clouds of spray, she was spun round as tho she were a mere floating twig; then, steaming to a short distance she stopped again. The weather had now taken up sufficiently for us to see, through an opening in the clouds, the snow-clad top of Mitre Peak, which rises in one grand precipice of 5560 feet from the surface of the Sound. The glacier

on Pembroke Peak showed for a few minutes, and then was lost to view; but what we saw formed the grandest combination of scenery upon which my eyes had ever rested."

Sutherland Falls, near Milford Sound, are nearly 2000 feet high, or 1904 to be exact. Niagara is only 164 feet high, but Niagara more than makes up in volume what it lacks in height. Sentinel Fall, Yosemite, said to be the highest on earth, is 3270 feet from top to bottom. Three of the four highest falls in the world are in the Yosemite, the other is in the Alps. The Sutherland Fall of New Zealand is the fifth.

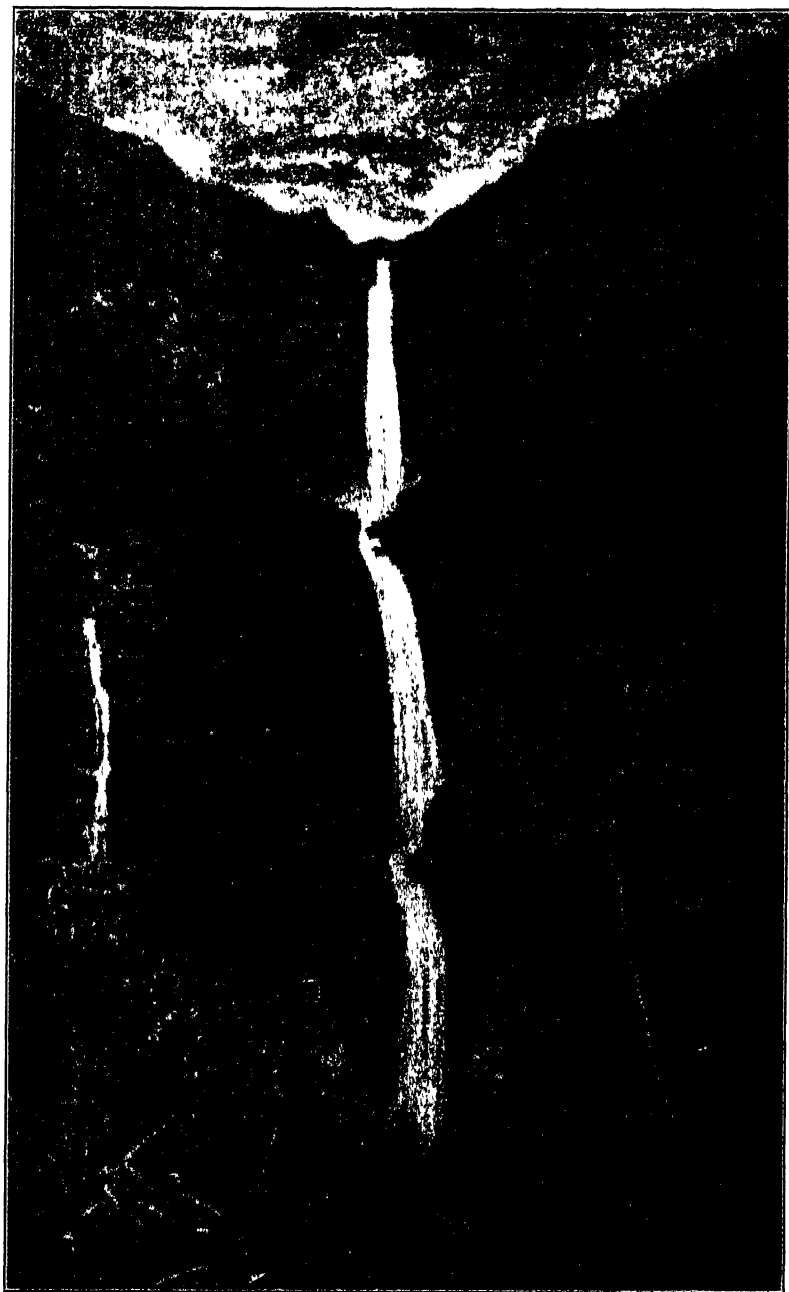
All visitors are captivated by the scenery. As Mr. Lloyd says, New Zealand is like Japan in a beauty of scenery which even the oldest traveler finds it hard not to rave about.

"Almost every New Zealander lives within sight of the mountains or the ocean, or both. Its landscapes show long ranges and solitary giants, tipped with Alpine glow; there are waterfalls everywhere, some of them among the finest in the world; luxuriant country-side, golden farms, lakes, geysers, volcanoes, forests with miles of pink, white and red flowering trees in spring, and there are fiords of the sea threading their way around the feet of mountains crowned with glaciers and perpetual snow. The scenery is a synopsis of the best of Norway, Switzerland, Italy, and England, with occasional patches of Gehenna in the pumice country around the hot lakes."

The hot place, or volcano farm and earthquake reservation, is in the middle of the North Island around Lake Taupo. It is about 170 miles southeast of Auckland and covers nearly 3000 square miles or 2 million acres, 30 miles wide and 100 miles long.

Some of the finest land in the Southern hemisphere lies in the North Island, but it lies within 50 miles of the coasts. When you leave these tracts and have risen a thousand feet or so you come to a volcanic plateau in the center of which rise the three chiefs of the tribe of active volcanoes, majestic in their outlines, and fascinating because of the restless fires within.

Of all the movable things in New Zealand, including laws and customs, winds, rivers, and the surface of the earth, we have least approval for the latter in its attempts at locomotion; they are apt to be so clumsy and full of disagreeable mistakes. Yet this quaky region of steam and sulphur appears to have a strange attraction for travelers who like to see the place where earthquakes grow and geysers and boiling pools are manufactured.



SUTHERLAND FALLS, 1904 FEET HIGH.

Fourteen miles inland from Milford Sound.

*One of the highest and one of the most famous falls in the world. (See p. 554.)*



The tints of the rainbow are in the sulphur pools, and other tints not in our rainbows; all yellows from orange to the palest primrose; all reds from daintiest rose through carmine, cardinal, crimson, and port to ruddy black, with the vermilion series on the side; the greens too are there from faintly tinted white to superb Niagara emerald. Some pools are black as ink, others are clearest green, or deepest, purest blue, through which thousands of silver bubbles shoot to the surface, float and vanish.

This district is to New Zealand what the Yellowstone Park is to the United States, the national wonderland. The Yellowstone has no such healing waters as New Zealand's hot pools, which are probably the most powerful and versatile medicinal springs in existence; and the pink and white terraces presently to be described, were far more beautiful than the terraces of our mammoth hot springs; but the geysers of the southern park do not spout so high as ours. Most of them do not spout at all, but have settled down into beautiful thermal pools, in some of which invalids may bathe most comfortably and with astonishing benefit. Some of the geysers, however, have not forgotten how to spout, and are ranked with those of Iceland and the Yellowstone. Seen in the clear sunny air the giant columns of water and foam, mounting, swaying, blown by the wind into silver spray, and with attendant rainbows glittering in the light are sights that fascinate the artist and all lovers of nature's poetry. Through the middle of this curious region runs the Waikato, the longest and most tranquil of New Zealand's excitable race of rivers that swarm down the mountain sides, career in spasms through the woodland, gallop gaily over the plains, and plunge into the sea. The beauty of mountains, lakes, streams, and patches of forest, with the bright invigorating air and the geysers, pools, volcanoes and other curiosities give the region a peculiar charm.

The crust of the quaky district is so thin and so unsettled in its habits, that you feel as tho there were "little more than a sheet of brown paper between you and Hades." Great cracks open and new boiling pools burst into business. Clouds of steam and sulphurous fumes rise from the pools. Rumbling and exploding is the order of the day. Small earthquakes are common and now and then a volcano will blow off its furnaces in the Vesuvian fashion without previous announcement. In



On the volcano farm.

(See p. 554.)

#### NGAURUHOE, FROM BLUE LAKE CRATER.

*Some monopolists class the new land and labor laws of New Zealand with the volcanoes, but the movement of Liberal legislation is more like the steady upheaval of a continent from submergence under the sea into the light of day.*

1886 Mt. Tarawera covered a number of Maori villages 60 feet deep with cinders and mud.\*The towns are not pretty nor very clean, and Tarawera cannot be blamed for covering them up out of sight, but she might have given the people a chance to emigrate. The bottom of the big lake was blown out and in its place came a yawning crater which sent up a column of steam to a height of about three miles. The earth broke open and one of the cracks was nine miles long.

This eruption destroyed the famous pink and white terraces, which were formed by deposits of lime and silica from the thermal springs flowing down the bluffs of Lake Rotomahana. They were exquisitely beautiful, resembling vast stairs of pink coral draped with lace, on one side of the lake, and on the other side a similar formation in pure white. They rose to a height of sixty or seventy feet and were surmounted in the background by azure and sea green pools. These basins were filled with the clearest of hot water, boiling and blue at the top and changing in color to a lighter hue as it fell from terrace to terrace. The water pattered in tiny cascades over the jeweled walls of pink and white, and when the sun shone the hillsides seemed alive with falling diamonds, pearls, emeralds, and rubies. The terraces are now being reformed, and in the near future nature will probably have rebuilt them in even finer form than they were in the past.

The geysers of the thin-skinned district remind the visitor of the Yellowstone, but the volcanoes and poisonous gases and perpetual colic of the earth, are ultra Yellowstonic; it is the Yellowstone raised to the hundredth power. Its diabolical instability and fiery disposition leave only one place known to history or fiction with which it can be classed. Perhaps the thing most like it in the United States, aside from Philadelphia politics, is the Pittsburg region at the other end of the same State. Sam Jones is reported to have said that "Pittsburg is

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\* In 1880 signs of volcanic activity began to appear. Millions of dead fish were strewn on the coasts of the Bay of Plenty, probably poisoned by the gases of some submarine eruption. In November, 1885, violent explosions occurred round the White Terrace, the steam rising to 1000 feet. Finally, in 1886, the main eruption came, the explosions making the windows in far-off Auckland rattle, lighting the sky with a brilliant electrical display, and tearing the mountains asunder.

Aside from intellectual and social phenomena, and the ladies, of course, there is nothing more interesting in New Zealand than the volcano farm, where they raise the earth occasionally, and big crops of steam and sulphur smoke all the time.

hell with the lid off," and any one who will go through that part of the country at night will conclude that the phrase is apt in more senses than one. The lid is not off in New Zealand's volcano plantation, but the cover is very thin and contains a good many holes.

The hot springs of the volcanic region constitute the favorite health resort of the South Pacific. The "Rachel Bath" has a temperature of 194 degrees, which is enough to cook Rachel if she stays in long. Then there is the "Painkiller Bath," and the "Coffee Pot," which is said to be a cure for rheumatism; and the "Blue Bath" and "Oil Bath"; and the "Spout Bath" for



THE WHITE TERRACE.

See p. 558.

*A natural stairway in glistening white, destroyed by the eruption of 1806; but similar deposits are now reforming.*

members of Council, etc. Each bubbling pool has its own peculiar individuality with its own special medicinal properties, and there are also cold showers to bring you back to life after you have been boiled. The Government has control of the springs, and fixes the charges. And people who have tried them say that the charges are moderate, and that the springs have the most wonderful healing properties in the world. The Government does not advertise that the waters will cure all

diseases incident to humanity, but it comes as near to it as a conscientious law-abiding Government could.<sup>11</sup>

Not the least of the attractions New Zealand has to show the traveler, are the Maoris and other living curios. The natives have already been spoken of in the opening chapters. They are an intelligent and lovable people. Some of the men are handsome, and the young girls are often good looking. They have brown complexions with rosy cheeks, luxur-



"A MAORI PRINCESS."

*There is strength, courage and kindness in the face of this chieftain's daughter, and her luxuriant tresses would be deemed a priceless possession by any American girl. Even the seven Sutherland sisters can show nothing finer, yet I do not think the Princess has used any of their hair lotion, tho it is quite possible she would be employed as a hair restorer advertisement if she were in the United States. In her own country she is an heiress, rich in landed estates, and richer still in health and vigor.*

<sup>11</sup> A few citations from the New Zealand Year Book for 1899 will indicate the really remarkable success of the Government's baths in the cure of disease:

"A. B., aged forty, a professor of music from South Australia, has been for some years a sufferer from gout. He has the usual deformity of finger-joints, with chalky concretions. Occasionally the immobility of the fingers has been so great that he has been unable to practise his profession. He has paid Rotorua an annual visit for some years past. A very few of our sulphur baths always set his fingers at liberty, and enable him to continue his music teaching. The result is that he has left South Australia and settled himself permanently in Auckland, in order to be within easy reach of Rotorua.

"Perhaps there is no class of diseases in which we meet with more uniform success than those affecting the skin. General eczema, which may have resisted every form of treatment for years, is usually cured in a period varying from six to thirteen weeks.

"C. B., a man forty-five years of age, was admitted to the Sanitarium, suffering from severe sciatica. Prior to his arrival he had been unable to lie down for three weeks; slept in a chair when he could, or with his head on his arms at a table. He left at the end of three weeks without a trace of his ailment remaining.

"Congestion of the liver, biliary catarrh, with jaundice and hemorrhoids, have been cured by the acid sulphur waters, which also prove useful as a

iant black hair, and beautiful dark eyes. The women have their lips and chins and breasts tattooed with inky scrawls. In the old savage days tattooing was carried to great lengths, as we have seen in early chapters. The missionaries forbade the practise, and as the Maoris were converted the engraving of their faces and bodies became less frequent and extensive. The Maoris who live in the geyser region do their cooking in the boiling pools or over a steam hole. No need to build a fire; a dry-goods box or shoe box or soap box (they are not particular) sunk in



A MAORI MOTHER AND HER CHILD.

*Maori mothers still carry their babies strapped on their backs. It may not be best for the babies, I have no testimony from them and am not an expert in baby-ology, but it is convenient for the mother, as it leaves her hands free.*

the mud over a steam hole makes a bake house always ready for business. Or meat, potatoes, etc., can be put in a basket or a bag made of netted rope and dropped in a boiling pool, with a string tied to it, to the basket or bag, I mean, and fastened to a stake near by. The women cook their meals and even do their washing in these baby volcanoes.

The natives keep droves of pigs and raise great quantities of potatoes. Boiled pork and potatoes are their chief food. They are very hospitable and always invite strangers to dine. Some of them will soak corn in the streams till it is rotten and eat it with dried shark, a combination

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topical application in ozena and ulcerated throat. This class of water also tends to reduce plethora and corpulency without prostration, insures healthy action of the skin, and relieves torpor of the bowels.

"Ulcerated throat has been entirely cured in a few weeks, and loss of voice from excessive use in preaching, etc., perfectly cured in four weeks."



A MAORI MOTHER AND HER HALF-CASTE SON.

*This picture represents Ngeungeu, daughter of Tara, the principal chief of the Nga-ti-tai tribe. She married Thomas Maxwell, an industrious English settler, who resided for many years near Auckland, and they were very happy together. Her husband was lost at sea, and, tho solicited by numerous Europeans to re-enter the marriage state, she refused. Her dress is of flax, made by herself, and ornamented with tufts of scarlet wool. Her son, James Maxwell, is shown by her side.*

the merest whiff of which will make a white man sea-sick. But ordinarily their food is wholesome and well cooked, tho they are not hygienic in other particulars, social morality, drinking, smoking, clothing, etc. They will wear a suit of clothes one day and a blanket the next, and sit smoking in crowded huts the reek of which strikes one like a blow in the face.

Some of the Maoris, however, have good incomes from labor or the rentals of their lands, and live in excellent style Handsome furniture



A MAORI VILLAGE ON THE WANGANUI.

*The buildings on posts are barns, and are built high to keep the rats from making away with the corn and other provisions stored in them.*

*Tourists will find it an excellent plan to charter a Maori canoe on the Wanganui and get the natives to take them for a trip on the river to view the scenery and see the Maori villages.*

and every comfort and convenience, and even such luxuries as a silver table service, can be found in some Maori homes.

Among the curiosities of the animal kingdom there are several that interest the traveler in New Zealand. Imagine a land crab that climbs trees for a living. He devotes himself to the cocoanut palm; climbs to the top of the tallest, detaches the juicy nuts, letting them fall to the ground, and then comes down to eat them at his leisure at the foot of



the palm. Then there is the kea-parrot, mentioned early in this book, that bores a hole with its bill in the side of a sheep and takes out the



THE KEA PARROT.

These birds have become during surgeons and professors of anatomy and vivisection, cutting the kidneys out of living sheep to gratify their dainty taste for mutton.

The kea is one of the most remarkable of the New Zealand birds. When first discovered in 1838 it was a harmless fruit and insect-eating parrot, but with the progress of colonization and the consequent stocking of the country with sheep, the bird has developed carnivorous habits. It is thought that the value of mutton was discovered by one of the parrots picking some fat from a fresh sheep hide hung up to dry. The new dainty was fully appreciated and soon after the parrots began to kill sheep extensively for their fat. The part of the sheep chosen by these epicures is the kidney and the surrounding fat. They light on the back of the live sheep, cut down to the kidney with their beak, take out the kidney and its fat and leave the victim on the plain to die. The prompt communication by the first bird of information concerning the newly-discovered luxury, and the sudden change of whole kea tribes into birds of prey, is regarded by naturalists as a very novel and interesting fact.

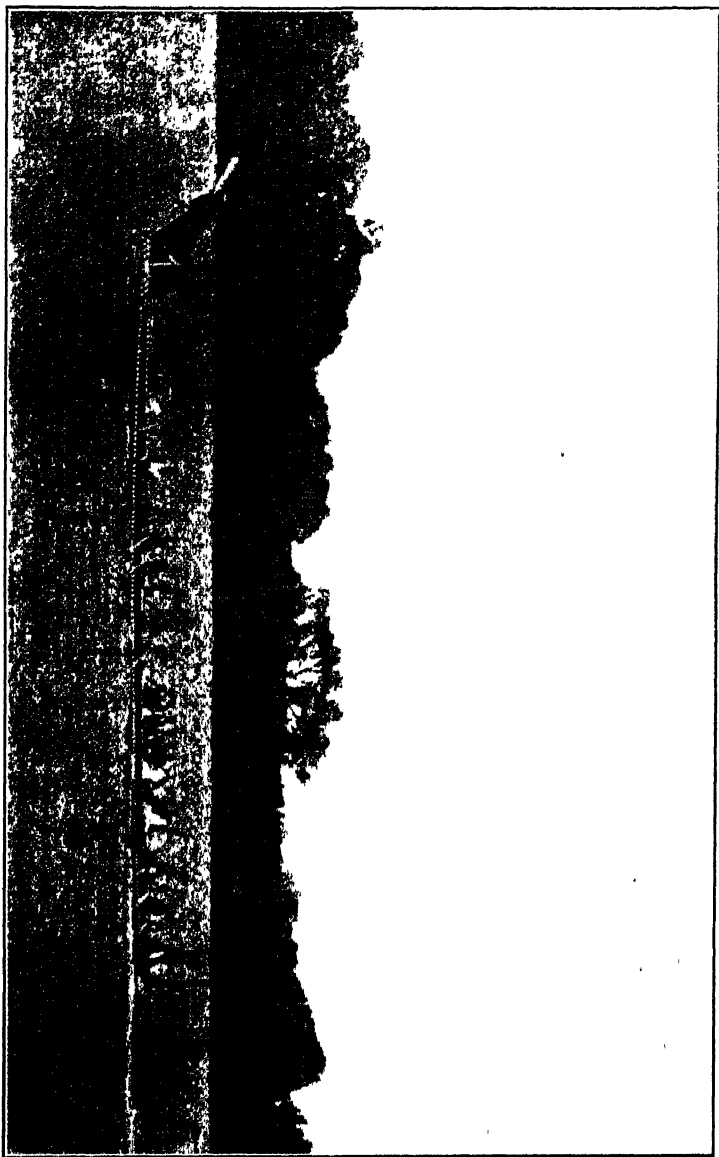
The Kea is called "the green parrot." Its general color is olive green, but it has other tints. The feathers on the sides are strongly tinged with orange red; the primaries are dusky brown, with the outer webs light metallic blue, the secondaries, greenish blue, touched with orange yellow, and the linings of the wings and the axillary plumes are vivid scarlet.

The Kea lives high up on the mountain ranges, near the snow line. It is an extremely inquisitive bird, to which characteristic it probably owes its discovery of the value of mutton.

In some localities the Keas have not yet learned to eat meat and the sheep on the ranches in those regions are not disturbed by them.

*When the Maoris had only stone hatchets and adzes it took 4 or 5 men two months to fell a tree for a canoe. The ordinary canoe was 25 to 30 feet long and 18 to 20 inches wide, cut out of the solid trunk of a totara pine, or kauri. But some*

MAORIS CONVEYING A PARTY OF TOURISTS IN A CANOE



*of these canoes were over a hundred feet long. There is an 80-foot war canoe in the Auckland Museum, stained black and red and skillfully carved, and made to accommodate 100 rowers. Some of the Maori canoes were much larger than this.*

kidney fat. Think of a country where parrots become discoverers and professors of anatomy. And even this is not all. The crow has learned to strike as sweet a note as any in the woodland; the hen has become a skillful rat killer; a little mouse has invented a way of carrying her young in a pouch on her breast; and it is said that there is an enterprising caterpillar which blossoms out and grows into a plant. Gisborne says: "The vegetating caterpillar, the *Hotete*, is a singular production; it is found at the roots of certain trees. The generally accepted theory is that this caterpillar, in its passage underground, for the purpose of its metamorphosis, catches in the folds of its skin the minute seeds of a certain kind of fungus, which, rapidly germinating, kills the grub and occupies its body, and afterwards sends up a shoot and fructifies above the surface."

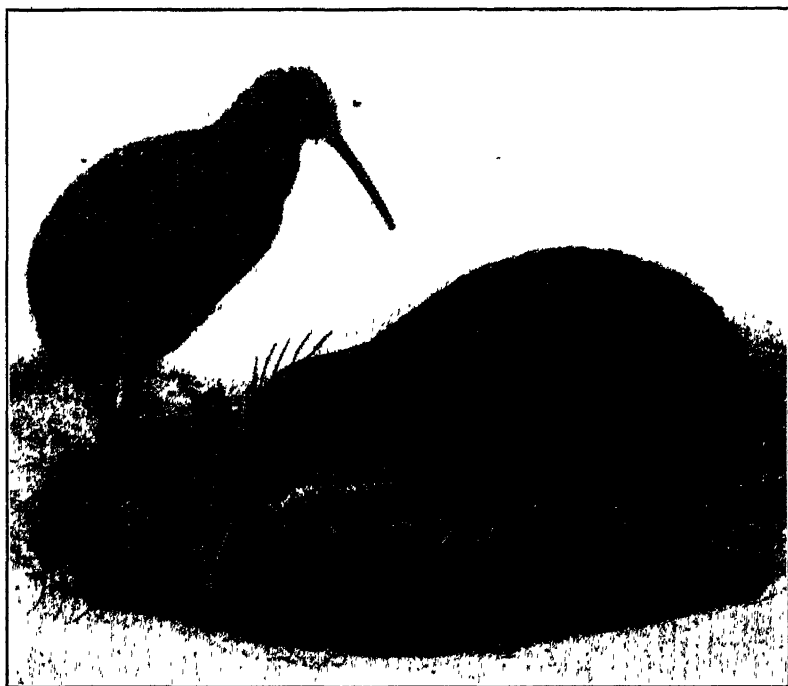
Then there is the velvet swan, black as the conscience of one of our ballot stuffers; and the lizard that has three eyes; and the wingless birds. The kiwis and the wekas are about as large as common hens, with no wings, or wings so rudimentary as to be practically nil, and feathers like coarse hair. In former times the wingless birds numbered in their society the *Moa*, which was as tall as a giraffe, and as heavy as a horse, with a body like a haystack and eggs as big as a foot-ball, but travelers now can see this queen of the wingless tribe only in imagination as reconstructed from its fossil remains.

Neither the steamship company nor the New Zealand Government Tourist Department has subsidized us or paid for any advertisement, nor would one be given in the reading space even if we owned stock in the steamship company, but the reader may be grateful for a hint about the journey. Steamers leave San Francisco for Honolulu and Auckland every 21 days. A round trip to New Zealand and return, good for four months, costs \$300, first class; second class, \$250, and third class \$200. It takes 18 days for the voyage from San Francisco to Auckland, and 4 or 5 days to go from a city on the Atlantic to San Francisco. Frisco is only about 3 days from Chicago now, and New York is one day from Chicago, so that the whole distance from ocean to ocean may be made in less than 5 days. The four months' trip may be comfortably made at a total cost of \$600, tho \$1,000 makes the journey easier on the calculating gland. About \$5 a day from the time you leave home till your return, is a fair estimate if you travel about much in New Zealand, and you can spend \$10 a day without laying awake nights to plan the investment. The hotels charge \$2.50 a day as a rule, tho some in the larger towns ask \$3 a day.\*

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\* The following paragraph from Murray's handbook is interesting in this

The very first glimpse of Auckland is bewitching if the weather is good, as it usually is. Verdant hills, beautiful villas and well-kept prosperous-looking towns and villages greet the eye, and most picturesque feature of all, the city itself, on its lofty promontory overlooking the magnificent harbor in which all the navies of the world might lie without crowding. New Zealand is surrounded by the greatest extent of ocean on the



THE LITTLE GREY KIWI OF NEW ZEALAND.

*A wingless and tailless bird about two feet long. The general color is a light yellowish brown, mottled in a wavy manner with blackish brown.*

*Among New Zealand's wingless birds may be numbered the capitalists who threatened to leave the country if the progressive land and income taxes were enacted, but have in fact remained and found so many big crumbs of prosperity under the new regime, that they do not think of walking away and would not fly if they could.*

globe—deep, wide, wind-stirred, flecked with foam, sprinkled with blue islands, lit by brilliant sunshine, and clothed with genial air—such is the sea about the Fortunate Isles. A good

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connection. "As wages in the Colony are very high, tipping is not so universal as in Europe; and it is much to be hoped that tourists will not extend this stupid and annoying (undemocratic and aristocratic) custom.

deal of this ocean gets into the air and some of it falls on the land. But the weather has not contracted the drizzle habit. The rain comes down with business-like energy, then suddenly the clouds break and soon the sun is shining from a clear sky. The climate is beatific, at once poetic and practical, equable and stimulating; equal to California's best, and, New Zealanders think, superior to it. Breezy, bright, cheerful, gloriously healthful, with the climate as well as the politics of Brighter Britain, the prevailing characteristic is light.



SCENE ON THE MANGA-NUI-TE-AO,

*A tributary of the Wanganui.*

## CHAPTER 76.

### WHAT NEXT?

OR

#### THE FIGHTING LINE IN NEW ZEALAND'S POLITICAL, AND SOCIAL AFFAIRS.

There seems no reason to doubt that the rapidly accelerating movement in the direction of better organization and equalization, transformation of competition into coöperation and private monopoly into public ownership, that has filled the recent years of New Zealand's history will continue in the future. Some of the possible achievements of coming years as indicated by the trend of events, the temper of the people, and the definite utterances of their statesmen are as follows:

- (1) Nationalization of the great steamship lines
- (2) State Fire Insurance.
- (3) Complete nationalization of the banking system by taking over the middle-class banks, to do for all sorts of business men what has already been done for the farmers, tradesmen, and workingmen.
- (4) Complete nationalization of coal mines, carrying to the limit the State ownership and operation of coal mines already begun.
- (5) Further nationalization of the land, carrying to their natural conclusion the State leasing system and the resumption and division of large estates.
- (6) Further absorption of street railways by municipalities or the State.
- (7) Still more ample provision for workingmen's homes, and entire elimination of anything like slum districts in the cities and towns.
- (8) The zone system on the railways.
- (9) Nationalization of the news service
- (10) Making the rivers furnish electric power to run the railways and factories of the Colony.
- (11) Extension of the use of the Referendum and Initiative.
- (12) Majority choice through preferential voting or the second ballot.

- (13) Proportional Representation.
- (14) Popular election of Senators, or Abolition of the Senate
- (15) The popular recall.
- (16) Admission of women to Parliament.
- (17) The "elective executive," or Ministry chosen directly by Parliament.
- (18) Improvement of municipal government on the principles so successfully applied in England.
- (19) County electoral reform.
- (20) Commencement of "old-age pensions" at the date of disability, and greater flexibility in the amount.
- (21) The 6-hour day.
- (22) National prohibition of the liquor traffic.
- (23) Abolition of the totalisator, a sort of gambling arrangement.
- (24) Regulation of trusts and combines.
- (25) Free transportation.
- (26) Free legal advice. Government law offices where public lawyers may give the people advice free, or at least at such reasonable cost that a man would not have to suffer injustice because unable to pay a lawyer to tell him his rights.
- (27) Free justice, protecting the poor in their rights as well as the rich, and making the administration of the law depend on the merits of the plaintiff's case, and not on the size of his pocket-book.
- (28) Thorough regulation of rents till the land is fully nationalized
- (29) Reduction of the tariff on necessities.
- (30) Increase of the progressive land and income taxes.

These are some of the things that New Zealanders are uniting to demand of their Government as we would say, or as they would say in the words of Minister McKenzie, some of the things "we are uniting to assist each other to get by the use of our political powers."

#### STATE OWNERSHIP OF OCEAN LINERS.

As to the nationalization of steamships Premier Seddon has given the shipping-ring fair notice that if they do not do right by New Zealand in the matter of charges, etc., he will stump the country from end to end and the result will be a line of Government steamers to carry the Colony's ocean trade.

In the Council, July 8, 1902, the Hon. R. H. Reeves said: "We have in this country one of the finest fleets of steamers, belonging to the Union Company; and if the Government can see their way to take over the whole of the Union Company's

fleet it would be one of the best things that could possibly be done and mark my words, it will come to that yet.”<sup>1</sup>

#### STATE FIRE INSURANCE.

The success of the Government Life Insurance Department, and the conviction that the fire insurance companies are charging high premiums and are combined to keep rates and profits up, have led the people to believe that a State Fire Insurance Office would be an excellent thing. For several years there has been agitation in this direction and the Government has promised to bring in a State Fire Insurance Bill. This year it did so, and July 10, 1902, Acting Premier Ward moved its second reading and reference to a special committee in one of his admirably lucid, closely reasoned, open minded, and amicable addresses, which not only carry his points, but do it with such gentle deference that even the Opposition, while fighting the measure, have only admiration and kindly feeling for the Minister.

The purpose of the bill is not to establish a Government monopoly or drive the companies out of business, but to do business side by side with them in friendly competition, “*using the power of the State to protect the people from excessive rates by fixing fair maximum charges for fire insurance throughout the Colony.*” The department is to be administered and directed by men of experience, the board of control consisting of the Colonial Treasurer, the Commissioner of Taxes, and two competent men, of large business and commercial experience or fire insurance training, appointed by the Governor. Provision is made for reinsurance to shift the burden of the excess beyond the liabilities the Office should stand, and secure the wide diffusion of risks which is the essence of insurance. Redemption of the capital is secured by a sinking fund. And one-half the net surplus profits are to go for a reserve fund; while the other half will go as bonuses to the

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<sup>1</sup> A similar sentiment is growing in Australia. For example, the Hon. R. Reid, M.L.C., Chairman of the Melbourne Chamber of Commerce, says that in view of the danger from the great shipping combine, he sees no hope but for the State to own a large and well-equipped line of steamers to provide sure and continuous communication over the water-way between them and the Old Country.

In England, too, the Morgan absorption of so many British ships has made many friends for Government ownership of steamship lines, so that no foreign syndicate could buy them up.



persons insured in the State Office, making the plan coöperative like the Government Life Insurance Department.

The second part of the act provides for local option on universal or compulsory insurance, subject to the initiative and referendum. In districts adopting this part of the law a "fire insurance roll" will be made out showing all the buildings in the district divided into classes: (1) The "uninsurable class," with which the State Office will have nothing to do, and (2) all other buildings not otherwise insured, which thereupon by operation of law, become insured in the State Office for their insurable value, as stated by the manager making the roll, not exceeding  $\frac{3}{4}$  of their capital value. The Act says:

"Upon coming into force of the fire insurance roll in any district, and continuously thereafter, every building shown on such roll as not then insured elsewhere than under this Part of this Act, shall, subject to the provisions of this Act (as to uninsurable risks, etc.) and without the issue of any policy, be deemed to be insured in the State Fire Insurance Office."

The State Office would then reinsure so far as necessary to relieve itself from undue weight and concentration of risk, and keep down the average in blocks, in localities, and in the country. If any one office, public or private, stood alone for block after block in cities and towns, a single fire might have ruinous effects on the insurer. The risks in every block and every locality should be divided and spread among the shareholders and premium payers of many companies. Some large risks are spread in various offices all over the civilized world, so that a great conflagration like the Chicago fire cannot fall with great severity on any one office.

The third part of the Act provides for an elaborate system of fire protection through the extension and improvement of the system of fire brigades, which are to be sustained by equal contributions from the county or district and the fire insurance companies carrying on business in New Zealand (including the State Fire Insurance Office) in proportion to the business done by each company during the last financial year. The effect will be that on the adoption of the Act in any district, the State Fire Insurance Office will pay over half the cost of equipping and maintaining the fire brigade. New Zealand has already many efficient fire brigades and a good supply of water,

but the adoption of this Act would greatly increase the facilities for protection against fire.

The Act is not to come into effect until it is adopted on referendum vote in three boroughs and three counties having a total population of not less than 60,000 and buildings worth not less than \$5,000,000, nor until arrangements are made for reinsurance as above.

The advantages of the measure, as stated in the speeches of the Acting-Premier and those who supported the bill in debate,<sup>2</sup> are as follows: (1) It will be a check on high premiums, and prevent anything like excessive charges for fire insurance. The companies have combined to put rates up and keep them up and premiums are exorbitant. There have been three increases in the charges within a few years, while the companies have been making large profits; 12 to 20 per cent net surplus as a rule for the last ten years. In England companies are satisfied with 5 per cent, but in New Zealand they want three times that profit. The dividends paid by the "National Company" from 1892 to 1901, inclusive, were 12½ per cent a year for five years, and 15 per cent a year for five years; the "New Zealand Company" paid 15 per cent in 1893, and an average of 12½ per cent since, and the "South British" paid 10 per cent in 1893, 12½ per cent in 1894, 15 per cent in 1895 and '96, 17½ per cent in 1897, '98, and '99, 20 per cent in 1900, and 22½ per cent in 1901. "State insurance will give relief not only to business people, but to the farming industry, and to every owner of property throughout New Zealand." (2) It will protect the people from the arbitrary conduct of the companies. In some cases owners of good properties have not been able to insure them at all. In other cases, where owners have asked for reductions from the ordinary tariff because their buildings were favorably situated and the risks exceptionally good, the agents say: "We admit all you say about the risk, but we must keep to the tariff." The strongest combine and the most unfair combine we have at the present day, is that of the insurance companies. (3) The State can do the business at less expense than the companies. "The experience of the Life Insurance Department shows that it can do this business much more

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<sup>2</sup> New Zealand Hansard, vol 120, pp. 220-257.

cheaply than any private concern of its size and age, and the State should be able to make a similar saving in fire business. . . . It has got all its machinery ready to hand, office accommodation, agents, auditors, etc., are already provided in large part. They can afford to work at low rates, as they are already in receipt of salaries." The State Office will not be managed for profit, but for the service of the people, and the benefit of its savings will go to the insured in low rates and coöperative bonuses. (4) It will stop in large part the tribute that now goes over-seas to English stockholders. (5) The vast extension of fire insurance, and the better provision for fire protection, will greatly lessen the suffering from this source of injury. The public benefits of universal insurance warrant compulsory provision for it, just as the benefits of universal education justify compulsory provision for that. (6) The State can offer better security to the owner than any of the private companies.

Minister Ward's motion for second reading and reference to a special committee was carried without division. The committee's report and action by Parliament may be expected next session (1903). Some further points in the discussion are noted below as worthy the attention of those specially interested in this plan :

T. McKenzie: "Marine insurance should be included. The permanent interests of the Colony are deeply bound up in the proper, careful and economic insurance of our produce going to market. Take frozen meat for example, if the farmer insures it himself he has to pay £3 to £4, but the large freezing companies are able to underwrite it at Lloyds for about £2 5s." Sir Wm. Russell, leader of the Opposition criticized some details of the bill, but said: "I am by no means hostile to the idea that the Government shall have a Fire Insurance Department. If rates are too high let us establish a Government Department, competing in friendly rivalry with the companies, and so bring down the rates if they are abnormally high." Other Conservatives objected to the principle of the bill: "You are taking away our liberty," said one. "It will interfere with private enterprise," said another. "The bill is simply another means of obtaining voting power," said the man from Patea. "We already have a large civil service and these officers naturally vote for the Government in power." (In the whole of the long debate this was the only slur on the motives of the Ministry, and it was so manifestly absurd that no one took the slightest notice of it. The Liberal Government is not troubled about voting power; it has an overwhelming vote behind it already, not on any spoils basis, but because of the general satisfaction of the people with its course of



THE TRACK UP THE MOUNTAIN.

action Every one in New Zealand knows that State employees vote as they please, being secure in position and rights under the civil service rules, with the Appeal Boards and the Arbitration Court behind them )

"I do not deny the success of the Government Life Insurance Department," said the opposing member from Bruce, "but fire insurance is different You can calculate life insurance risks on the tables of mortality, but fire risks cannot be calculated; they are entirely and purely a matter of chance The risk is too great. The measure is likely to involve the Colony in serious loss" R. McKenzie: "The member for Bruce always sees difficulties in any measures brought down by the Government The Advances to Settlers he said would be a rank failure, a serious loss to the Colony, whereas that measure has been a great success, done much good and realized an excellent profit What sort of an authority is he? As a financial prophet he is absolutely useless"

Willis: "Last session it was stated to be the intention of the Government to take possession of the business of all the insurance companies in the Colony. I am glad this bill does not provide for a monopoly. The intent is simply to protect the people against excessive premiums We may expect fierce opposition I suppose there is no combine that has more interested supporters than the insurance companies. Their agents are legion, and their shareholders numerous. But every progressive measure has been persistently opposed, and the prophecies of evil have not come true . . . I can quote cases where fires have taken place for the purpose of getting the insurance money. That has been proved, and it is in consequence of the scramble among the multitude of companies that these reckless risks are run."

E. M. Smith: "My constituents wish me to support this bill. Year after year we have been clamoring for Government fire insurance, because of high rates and lack of supervision over fires. In some cases the agents rush down almost before the fire is smothered out, and pay the insurance without any inquiry, to get the name of paying promptly and so draw business. But such conduct encourages fires, as no proper inquiry into the causes of fire is made in such cases, whereas, if the Government had a Fire Department, they have the police, and the courts and all the paraphernalia for inquiring into fires, and there would be better security against such risks . . . Again as to fire protection, when the brigades have applied to the insurance companies for a grant of money for having stopped a fire, they have been told in language as plain as it was possible to tell them, that if it were not for having a fire now and then they would not be able to get the people to insure so readily" . . . When the Advances to Settlers Act was

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\* One would suppose the insurers would be anxious to protect property to the utmost. That used to be the theory, and in London fire protection was in the hands of the companies, till 1864, when the city took charge of it, the companies having performed the service very badly. The fact is that the present system, insuring through agents paid in proportion to the insurance they write, tends to focus attention upon the profits of policy-making, rather than upon the benefits of security. Such agents are tempted to take improper risks and to overinsure, and so provoke arson and add to the causes of insecurity. The history of suicides, child murders, etc., shows that life insurance also not infrequently leads to crime, through the departure from

under discussion, I overheard two members of the Opposition talking in the Library and one of them said: 'If the Government gets this measure through they will be in power for the next twenty years.' Well, they have been in power for twelve years, and it is no wonder the people will keep in power a Government that will pass such measures in the people's interests. But let the Government lose the confidence of the Commons or make an important move the people or their representatives disapprove and out they go."

Herries (Bay of Plenty): "Throughout the district I represent there is a general desire that the Government should take up fire insurance, but I object to the second or compulsory part of the bill" . . . Giffelder: "It gives me great pleasure to support the bill . . . A short time ago, when the companies put their heads together and decided to form a combination to put up and maintain high premiums, a resolution was carried, at a large public meeting held in Invercargill, in the following terms: 'That in view of the excessive rates now levied by insurance companies for this town, the large general increase of rates in New Zealand, and the excessive proportion of the premiums received that is expended by the companies in other ways than in paying losses, it is desirable that some other mode of fire insurance be adopted.' Then, a deputation waited on the Minister now in charge of the bill, urging the Government to introduce a measure of this sort. As the Sydney Bulletin says: 'Viewed in a cold business aspect, without reference to any abstract theory, but as a mere matter of cash and convenience, there is a great deal to commend it. All the stereotyped objections, the old threadbare Tory scoffs: State interference with private enterprise, grandmotherly legislation, and other catch-words which the stagnant party uses over and over again, because it is incapable of inventing anything new—may be taken as read. They prove nothing except the exceeding barrenness of the Tory intellect.' . . . Many companies have been swallowed up, bought up, crowded out, or ruined by the big companies."

Massey: "Mutual insurance as in Canada and the United States is better than State insurance. At present an insurance company or association here must deposit £50,000 of securities with the Government. Let us lower the amount and so open the way for mutual insurance."

A Socialist member said: "I do not believe for one moment in the right of the State to say to a man, 'We will insure your property whether you want it insured or not.'" Another Socialist said: "If we

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the fundamental principle of insurance, namely, that it should relate only to loss, and that no one should make a profit by taking insurance. The making of contracts by which the assured may gain by the very disaster against which he insures, is a direct temptation to crime, and the payment of agents in proportion to the insurance they write is a direct temptation to the making of such contracts. The business should be so managed that a fire or a death will be against the interest of all concerned. This can best be attained by coöperative or public insurance through salaried agents, postmasters, or police sergeants, or some other class who could, in person or by assistants, attend to the matter.

If any wish to investigate the interminable records of crime promoted by overinsurance of property, or reckless insurance of life, we refer them to A. C. Campbell's excellent book, "Insurance and Crime."

are to have State Fire Insurance why not make it a purely socialistic institution at once, and save a great deal of expense. Let every man make a yearly return of his property, and in case of its destruction let him be paid its value, and collect the premium with the taxes." Still another Socialist, Mr. Ell, of Christchurch, said: "The people have, over and over again by public meetings and in various other ways, for years and years past, been protesting against the action of the insurance companies in keeping up high rates of insurance, and I consider it to be an important function and duty of the State to see that the property of the people, furniture and buildings, should be insured at the lowest possible premium. There is a system of State fire insurance in Switzerland and the charges there now are much lower than the rates quoted for the companies in England, and the latter are considerably below the rates we pay. I am glad the Minister recognizes in the bill the desirability of extending the system of local option, that the institution shall only come into existence upon the wishes of the people being consulted and on the people consenting to Part II of the Act. With regard to the risk of the funds belonging to such an institution being swept away, and the institution collapsing, that is absolutely impossible. You would have to sweep the State away. There is absolute security here. When the floods in Hawke's Bay took place, there was no objection to the whole community of New Zealand coming to the relief of the unfortunate sufferers. There was absolute unanimity of opinion in respect to that, as also in the case of the loss of sheep by the snow-storm in South Canterbury some years ago. There was another instance of the extension of State assistance, but there was absolute unanimity of opinion in regard to it."

Acting-Premier Ward: "I might refer to the successful operation of the Government Life Insurance Department. It has worked out exceedingly satisfactory. So with the Public Trust Office; there are few people who would vote for the repeal of the statute that gives the country that institution. And again, I think the House generally will admit that the departure the State made in establishing the lending of money to farmers has been successful. Altho great opposition was shown to that innovation for a considerable period, there is now almost a consensus of opinion that the Advances to Settlers Department has done very good work. . . . The Canada system appears to have some advantages. Last night a gentleman handed me a copy of the Ontario Insurance Act, and on going through it I find the mutual associations pay in to the Government about £10,000 as a guarantee deposit. The mutual plan I think has a good deal to commend it and I shall be glad indeed to inquire into it. It is not intended by the Government to create a monopoly but to work side by side with private associations, fixing the level of the fire insurance rates at an amount which will not be regarded as too heavy by those who desire to utilize the State Office or private institutions."

Hon. Wm. Bolt in the Senate: "It is really marvelous the anxiety the insurance companies display to keep the State out of this business. According to the companies it is such a risky business that the State

will be completely swamped if it ventures into it. . . . As honorable members know, this opposition to the State business has been persistent. We have received letters and circulars from managers of insurance companies all over the Colony, and from people not even connected with the insurance companies; but I am happy to think that the Government and Parliament have arrived at such a condition of mind that they are not to be easily frightened by any such statements. Sir, we all know that the Advances to Settlers Act, the Land for Settlements Act, and the rehabilitation of the Bank were regarded as political horrors at one time; but all the same they were carried, and I believe it is agreed that they have proved of great advantage to the people as a whole. But the fire insurance companies say the business is a perfect Valley of Gehenna, in which the never-ceasing fires eat up everything they have. But if that is so, I cannot see why those people should enter into such ventures. Why do they not give up the profitless game? It is very singular.”<sup>4</sup>

#### THE ZONE SYSTEM.

The zone system of railway tariff, which is making such headway in Europe, is said to have originated in New Zealand.



MR. SAMUEL VAILE, OF AUCKLAND,  
*Inventor of the Zone or Stage System of railway charges.*

It consists of a partial application to railroad charges of the post-office principle of uniformity, without regard to distance.

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<sup>4</sup>The small type, with the full text above and note 3 of the chapter on Government Life Insurance, contains in condensed form the main ideas expressed in the insurance discussions of 1902, N. Z. Hansard, vol. 120, pp. 114, 229-258—a fifty page roll of the Parliamentary phonograph.



The railway system is divided into zones, and a uniform rate is charged between any two places in the same zone, another uniform rate obtains between any two places in adjoining zones, and another uniform rate between places in zones having one intervening zone, etc.; the width of the zones increasing as you go out, and the charge per mile decreasing by zone divisions as the distances increase.\* The advantages are a great simplification of the tariff, a marked encouragement of travel, a large reduction in its cost, and a strong tendency to diffusion of population and equalization of values, and the opening up of the outlying districts. Under the ordinary system the railways of

\* A sketch given by the inventor, in which a portion of a railway line in New Zealand is represented, will afford a clear idea of the plan.

126 m. ——— TE KUITI

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the world have acted as a centripetal force, drawing the people into the cities, while the zone system is intended to make the railways a centrifugal force, diffusing population, encouraging the development of remote districts, and equalizing to some extent the transit conditions of cities and towns and villages throughout the country.

Over twenty years ago, it is said, a Mr. Vaile, of New Zealand, advocated this sort of railway tariff, with very low fares, and the plan received the earnest support of Sir George Grey. A prominent Hungarian was in New Zealand when Mr. Vaile was pressing his proposal upon Parliament, and six years later Hungary put the idea in practise.<sup>5</sup> Austria, Denmark, Sweden, and Russia have also applied the system more or less to their railway service with excellent results. And New Zealand has made some approaches to it by adopting the policy of a decreasing rate of charge upon increasing distances for both freight and passengers, and by dividing the passenger service into stages. But as yet nothing like a complete trial of the zone system has been made in the home of its invention.

In this instance, therefore, an idea of great importance claimed to have started in New Zealand has been first applied by the State railways in other countries far less progressive than New Zealand on the whole, and is still untried in the land of its birth, tho its advantages have been abundantly proved by the experiments in Europe. In Hungary, for example, the traffic doubled the first month, increased 136 per cent the first year, and 300 per cent in four years; and, tho the average reduction in fares was about 50 per cent, the growth of both local and long-distance travel was so great that the net profits of the roads were larger than before.

The situation in New Zealand is all the more remarkable in view of the fact that the scheme has had, and still has, powerful backing in the Colony. Sir George Grey indorsed it, as we have stated. As far back as 1887, it is said, petitions for it were signed by over 20,000 persons, and also by local bodies throughout the Colony. Mr. Seddon, now Premier, considered the matter favorably as long ago as 1892. The present Minister

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<sup>5</sup> This is the way Mr. Vaile's friends state the case, but some other people say that the originator of the Hungarian plan owed most of his ideas to a couple of English writers, and that the Hungarian system is quite different from Mr. Vaile's.

of Railways is in favor of giving it a trial. Several Parliamentary committees have investigated the plan and reported in favor of it. Many members of Parliament have expressed approval. A combination of wealthy citizens have offered to bear all expenses of a trial of the system in the Auckland district. Yet nothing has been done. The reasons for this peculiar condition of things may be gathered perhaps from the following portions of the discussion in Parliament, July 24, 1902, on a motion that a trial be given to the Vaile system :

G. W. Russell and others: Mr. Vaile is on the right track, but the demands he has made in connection with getting a trial of his policy have been such that no Government could have supported them. One of these demands was that the whole control of the railways on which his system was tried should be handed over to him. No one in the House would agree to hand over a section of railways worth a million to a gentleman who, however correct his theories, had no practical acquaintance with railway management. Yet that is the demand that Mr. Vaile has steadily made, as he said he would not trust the railway authorities to manage his scheme, because they would set themselves to make it a failure in order to discredit him. Mr. Vaile has the unfortunate disposition to regard every man who differs from him, even on points of detail, as either a knave or a fool, and has devoted himself to abuse of the railway people and the Government instead of arguing his case. The greatest enemy of the Vaile system has been Mr. Vaile himself. Had he, instead of abusing everybody who differed from him, been reasonable to those whose business it was to criticise and examine his proposals, and been willing to accept a reasonable basis of experiment, there would have been a trial of his system long ago.

Hon. Joseph Ward, Minister of Railways: I made an offer to Mr. Vaile, October 3, 1900, but he has not taken it up; an offer for a trial of his system for all classes of traffic on the Auckland section of railways for not less than twelve months, under control of the officers of the railway department, with a cash guarantee deposited in the Treasury, and an estimate of the rolling-stock required. Mr. Vaile has not furnished a statement of parcels and goods rates to go with the passenger fares in his plan, which statement is necessary to calculate the guarantee Auckland is to deposit, nor has he supplied an estimate of rolling-stock. So far we have got no answer; all we have gotten is abuse. It is apparent that once the sixpenny-stage system is adopted there will be an enormous increase of passenger traffic, and there must be additional rolling-stock, with increased cost of operation, all of which must be covered. The people who are to receive the immediate benefit ought to make up at least a portion of the cost, and they have stated their willingness to do so. The Government is willing to give the stage system a thoro and effective trial in goods and passenger traffic in any district of the Colony on reasonable conditions. I would personally like to see Mr. Vaile's scheme tried on the railways of the Colony, but if

this plan is adopted of making travel dirt cheap it will mean an enormous increase of traffic, and that would necessitate extra carriages and engines, which must be provided for. Is the House prepared to authorize the Minister to try the system without a guarantee, and make up out of the consolidated revenue any deficiency that may result?

McGowan and others: The Minister is taking the right way now to introduce the system by division of traffic into 50 and 100 mile stages and gradual reduction of fares. The decrease of freight rates according to distance is already a part of the policy of the country. The essence of the scheme is the shifting of population from the centres to the outside country districts.

Lawry, of Parnell, said he had received many letters saying the Vaile system would be the greatest curse that could be inflicted on the settlers, for if they were induced to go to Auckland by the cheap fares it would lead to their losing three or four days of their farm work. If Mr. Vaile induced people to travel on the railways when they had no business, he inflicted a positive injury instead of a benefit upon them. He was quite willing to admit that Mr. Vaile had spent his money, his time, and his vituperation on this question. (Even the amiable Minister said that if any one differed from Mr. Vaile he immediately took it as a personal matter, and indulged in undeserved abuse of the officers of the Railway Department and the Administration). Mr. Vaile had repeatedly run for Parliament, but the people would not elect him. If a plebiscite were taken on this question now the verdict would be that the people of the Colony were satisfied with the present administration of the railways.

Barclay: The State should make the experiment on its own responsibility. Why ask for a guarantee? The evidence of the value of the system in Austria-Hungary was ample (quoting the figures). The improvement would be for the benefit of the whole Colony. If there is any loss the country should bear it as the experiment is made in the interests of the whole country.

The motion for a trial of the system was lost by a vote of 33 against it to 26 for it.

Mr. Tregear, the Commissioner of Labor, referring to the fact that the zone system in Hungary almost quadrupled the traffic and doubled the revenue in about five years, and to the delay in adopting the system in New Zealand, says, in explanation of the latter fact: "The State Railways in New Zealand are in the hands of men who do not work them for profit. As soon as the returns rise above the sum that will pay the small interest on their construction large concessions are made. The passenger fares have been lowered so much that only two-thirds of the fare charged two years ago has now to be paid. Similarly, freights have been lowered and especially to meet the requirements of farmers a long way off. Some materials (for instance, lime for manuring land) are carried without charge at all, while only a nominal charge is made on fruit for any distance. This careful nursing by officers instructed to make the prosperity of the settlers a matter of more importance than profit to the railways has almost abrogated the necessity (many think)

for a Zone system in the little Colony, but probably it will some day be started and prove as great a blessing here as in Hungary or Siberia."

#### MAKING THE RIVERS RUN THE RAILWAYS.

A scheme is on foot in New Zealand to turn the force of some of the tumultuous rivers in the North Island into electric power to run the railway trains and shops, and to be distributed to the chief manufacturing centers for industrial purposes. There is power enough going to waste in the rivers of New Zealand, and in the sea about the Islands, to carry all the freight and passengers of a giant nation and move the machinery of a continent; but how soon the proposal to tap this source of riches may be carried out we do not know. The consideration of the scheme, however, is a further illustration of the progressive spirit of the Government railway management.

#### FREE TRANSPORTATION.

Some are looking forward to railway transportation as free as that upon ordinary roads; freer, in fact, for they wish the public to provide the wagons free as well as the roadway. In the debate on the zone system, July 24, 1902, Mr. Fowlds, of Auckland City, said he would "vote for a trial of the Vaile (zone) system, and he did so not because he had faith in the system, but simply because it was a nearer approach to what he considered the right method of dealing with the railways, namely, that the railways ought to be run absolutely free of cost, and the expenses of running them should be collected by a tax upon land-values. There is no intrinsic difference between a perpendicular and a horizontal railway. In all the large buildings of the world the owners run an elevator from the bottom to the top of the building, and they do not make a charge to the persons who use the elevator. The elevator is run free of cost, the reason being, that the owner of the building believes that in running it free of cost he gets a return for his money in the increased value of the premises for letting. He contended that our horizontal railways ought to be run on identically the same terms; and he believed they would live to see the day when the railways would be run on that basis; then the producers of the country would be put in a position that they would be able to compete in the markets of the world in a

way they could not do at present, or even under the zone system."

#### THE 6-HOUR DAY.

No answer given by any New Zealander to my questions about the next great move the working people are likely to make, has interested me more than the reply of an employer: "Between us I think they are going to ask for a 6-hour day without reduction of pay."

As they already have an 8-hour day with 10-hour pay, and in some cases only 44 or even 42 hours a week, the proposition is not so startling as it may appear to those working on a 10-hour basis. From 44 hours to 33 is not so big a jolt as from 60 hours to 44. It is questionable whether the 6-hour prediction will come true in the immediate future. But there is no doubt it will come in due time. High authority holds out the hope that with the development of machinery and a wiser organization of industry, three hours a day may be all that will be required to produce for all the necessities and comforts of life. Then truly life will be worth living. Not that men and women will be satisfied with only three hours of service; labor that you want to do anyway and would do if you were worth a million, is very different from labor you must do in order to get the means of life. And one of the principal reasons for desiring the curtailment of the latter is that the former may be enlarged.

#### DISABILITIES OF WOMEN.

Several efforts have been made to remove the remaining disabilities of women, allow them to stand for election to Parliament, and place them in all respects on a political and legal equality with men. When it was first proposed to admit women to the House, the suggestion was laughed out of Parliament. But lately the proposal has received so much support in the House that it is no longer treated as a joke, tho there is still a considerable majority against it.

In one of the debates, a Maori member, Mr. Wi Pere, expressed his serious objections to female representatives as follows: "I am afraid, if ladies were allowed seats in the House, it would distract the attention of some honorable members, and they would not pay so much attention to the affairs of the Colony as they would otherwise do. Altho I am getting up in years, I must confess I should be affected

by a weakness of that sort. If the honorable gentleman in charge of this bill would introduce a clause providing that only plain women should be allowed to come into the House, I think the source of danger would be removed; but if any beautiful ladies were sent to this House, I am quite sure they would lead astray the tender hearts of some honorable gentlemen, particularly the elder members of the House. I say, in conclusion, that if attractive ladies are allowed to come into this House, I am quite certain my own wife will never consent to my returning here."

#### ELECTIVE EXECUTIVE.

To American ears that would seem to mean the election of the Governor, and there have been attempts in New Zealand to pass a bill to that effect. In 1892 the second reading of such a bill was lost by only one vote. In 1895 the majority against it was ten. The main trouble with such a move would be the danger of a deadlock between the elective Governor and the Ministry, each claiming to represent the people.

In New Zealand where the Ministry is the real executive, to favor an "elective executive" means to support the proposal that the Ministry should be chosen by direct vote of Parliament, instead of having a Cabinet made up by a Premier nominated by the Governor, subject to the approval of the House or an appeal to the people as at present.<sup>6</sup>

A bill for the elective executive has been brought before the House by a private member every year since 1894 and has received considerable support, but still lacks a good deal of winning out, the last vote (1902) being 35 to 19 against it. The reasons urged in favor of the amendment are that election is more democratic than appointment subject to approval, and that the liability of a Ministry to loss of office in case of the defeat of an important measure it has introduced, has led to the practise of letting bills drop when their passage seems doubtful instead of pushing boldly forward on the line of conviction, so making the Ministry followers, instead of courageous leaders.

The objections to the change are that the present system has grown up with the Colony; is thoroly understood by the people and has given excellent results;<sup>7</sup> is like the system in use in England and in other British colonies; and gives the dominant party in the House practical control, while the elective executive would give the defeated parties a

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<sup>6</sup> See chapter on the Constitution.

<sup>7</sup> The Ministry is thought quite progressive enough, and by no means at fault in waiting for the growth of public sentiment before pushing its measures through. One of the strong points of the present system is that "the Ministry tends to become a body which carries out the wishes of the whole House rather than simply to lead its own party"

voice in the choice of the Ministers, and might even take the question out of Parliament altogether. The tendency would be to make the election of representatives turn on the choice of a Premier. This would change the flexible Ministry into a Cabinet practically sure of a fixed term of three years (since there would be great hesitancy about using the power of removal after the people had signified their choice), and carry party organization and contest for executive power, with all its attendant evils, into the country at large.<sup>8</sup>

#### OTHER GOVERNMENT CHANGES.

The abolition of the Upper House is favored by some, but popular election of Senators seems a more likely solution of the Legislative Council question. A bill for this purpose has been framed, and Mr. Ell was allowed to introduce it (1902) by a vote of 43 to 14, but the matter has not yet been threshed out. The county franchise and the popular recall have also received some attention, as we shall see. But the most important governmental questions relate to the representation of minorities, the abolition of plurality elections, and the extension of the referendum. As the latter subjects occupy more space than this chapter can afford, the reader will find them treated in Part III.

#### THE COUNTY FRANCHISE.

The multiple franchise for the rich has been abolished in national and municipal elections, but still exists in the elections of county councils. There is a desire that this "relic of the dark ages" should be abolished. "It is possible in a county to have as many as nine ridings, and a property-owner, if he had sufficient property, might have 27 votes, or three votes in each riding in which he had the requisite property."<sup>9</sup> The Government agrees that the present system of plural votes, under the

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<sup>8</sup> In the debate of 1894, Wm. Pember Reeves said: "The American President is practically chosen by direct vote of the people. The result is that every evil of the party system is exaggerated and extended. . . . The measure would in fact take away from the representatives and therefore from the people themselves, the power they have to remove from office any Government that misconducts itself. A fixed executive is bad. It consolidates each party in the State. We would have party organization, and instead of its being found only in Parliament, it would be outside of Parliament, and in the country. At one blow it would get the rule of the Colony for 3 years. You would have the machine, the ring, the caucus, and the boss."

The bill under discussion proposed that each Minister should be separately chosen by Parliament, and gave Parliament power of removal, a vote to be taken on demand of 20 members.

<sup>9</sup> N. Z. Hansard, vol. 122, p. 126.



property franchise in county elections, should be changed, but the pressure of other business has so far prevented action.

### TRUSTS AND COMBINES.

Except in land-ownership, ocean transport, and the oil trade, New Zealand has not had to deal with any such powerful and dangerous monopolies as those that afflict the United States. The railways, which have done so much in this country to create and foster monopolies, are owned by the nation in Brighter Britain, and operated without discrimination in favor of any trust or combine or other large shipper. The Government, too, is so completely a people's Government; so free from domination by corporate influence, and so thoroly determined to support the interests of the masses, and especially of the small men, that it would hardly have been possible for monopoly evils to grow to very serious dimensions under the Liberal régime. Nevertheless, some aggressive combines have been formed, and American trust tactics have been applied with sufficient vigor to cause disturbance in the public mind.

The coal combine, as we have seen in a former chapter, put up the price of coal to an unreasonable figure. It has also compelled the local dealers to keep to the tariff established by the coal-mine owners, by threatening to cut off their supplies if they sell below schedule rates.

In the oil business the trouble has come from outside. The Standard Oil Company will ship from the United States to New Zealand and undersell the New Zealand oil men, to kill and capture their industry, recouping itself meanwhile by high prices in the United States. "The supply and price of kerosene is regulated here from America, and there is not a merchant or combination of merchants in this Colony who dares to say 'booh' to the company."

The liquor monopoly, or brewers' union, seeks to control the liquor traffic through the ownership of hotels, and the regulation of rents so as to compel hotel keepers to buy their liquors from the combine. The rents are put very high if they buy elsewhere, but are lowered if they buy of the trust. These "tied-houses," as they are called, are regarded as one of the greatest evils resulting from trust methods in New Zealand, because: (1) they increase the power of "Bung" in the country; (2) the liquor sold by the combine is often of very poor quality, bedrugged and adulterated, and very much more injurious to health than ordinary spirits, bad as they are; (3) tenants buying pure liquors elsewhere are tempted to sell after hours and evade the license laws, in order to make up the "villainous rents;" and (4) many of the combine's licensed houses are "unfit to be inhabited as hotels, many of them nothing but death traps, mere dens from which, if a fire does take place in them, not half the people will be able to get out."

The wheat ring, or Millers' Trust, is a combination of millers to fix the price to be paid to the farmer for wheat, and the price of bread to the consumer. It compels the bakers to join the combine by underselling and boycotting them if they refuse. And it seeks to crush out competition by selling below cost in one locality, while making up its profits by high prices elsewhere. The millers say they combined "to save the cost of too many agencies, and to stop the ruinous competition that was going on among them. Their intention was to earn fair prices for themselves and the men employed in their works, and pay a fair price to the farmer for his wheat, and not for the purpose of extracting undue profits from consumers." The Trust's idea of a fair price for the farmer, however, does not agree with the farmer's ideas on that point. Neither does the Trust draw the line of undue profit just where the people would draw it. The use of boycotting by the Trust to compel the bakers to come into the ring, shows an intent to use whatever means may be necessary to control the market in the interest of the combine. And arbitrary control of a necessity of life by a private monopoly is dangerous to the public welfare. As Premier Seddon says: "When we have all the millers combining, and the bakers combining with the millers, the question is, where is the consumer going to come in by and by? If they raise the price of food on the workmen, then the workmen will combine to get the price of their labor raised, and where will the farmers come in? If there is to be only one buyer in the Colony, it will probably have a serious influence on the producer."

Next to the Millers' Trust, which is denounced on all sides, the most obnoxious ring is the Meat Trust, a combination of meat companies to keep down the price to the producer and fix the price to the consumer.

There is a timber-ring also, and some other minor monopolistic associations; but those above mentioned are the ones that are agitating public thought, and leading to earnest discussion among public men as to the best means of "preventing the building up in New Zealand of any of those trusts and combines which have done so much to make the United States of America in that respect unenviably notorious."<sup>10</sup>

For land monopoly, the Liberal Government prescribed regulation of holdings, progressive taxation, and State ownership. For the coal combine, the medicine was State ownership and operation of coal mines to fix the market price, and a liberal dose of compulsory arbitration to do justice to the workmen. If the shipping ring does not behave itself the Government proposes to establish State lines of ocean steamers. To stop the tied-house evil it is proposed that no brewer, or liquor merchant, dealer, distiller or importer, nor any person inter-

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<sup>10</sup> Acting-Premier Ward, July 9, 1902.

ested in any such business, shall be permitted to own, or have any estate in, any licensed house. The brewers, however, can easily find some other way to control the retail trade. If Prohibition does not intervene, or effective public control of combines, the big manufacturers will rule the market.

For the food trusts, and aggressive combines in general, various remedies have been proposed. (1) Coöperation. In the Parliamentary discussions of the trust question one of the principal recommendations has been a proposal to the farmers to form coöperative unions to handle their own products, wheat, sheep, wool, etc., and so checkmate the piratical combines. In fact organization on these lines has already begun. The injustice suffered at the hands of the meat trust has roused the farmers, and they have held lively meetings in various places, and decided to form coöperative companies, and establish coöperative works for freezing and handling their sheep. Moreover, one of the objects of the Farmers' Union, which has lately come into considerable prominence, is to secure a fair price for farm produce by combination on the part of the farmers themselves. The coöperative dairy associations have been very successful, and there is no doubt that similar methods will prove of great benefit in other fields of industry.

(2) It is proposed that the Government shall protect producers by holding itself ready to buy wheat, sheep, etc., at fair prices, selling again at a reasonable margin, and so exerting a control over the market that would prevent oppression of either producer or consumer. The Argentine Republic is quoted as having combatted a wheat ring, and broken up a "corner" in wheat, by State purchase of all the wheat the Government could get, and fixing the price at a fair level.

(3) State flour-mills are proposed in order to govern the market, and ensure fair prices both to farmers and to consumers. And some declare that the true remedy for trusts or other monopolies in general, is the establishment of State industries in all the monopolized fields; the State absorbing the whole industry where it naturally belongs together, as in the case of railways, telegraphs, etc., while in other cases, such as mining, milling, merchanting, etc., it may be content with an amount of public ownership sufficient to set the pace, and hold private capital in the same industries to fair treatment of producers and the public.

(4) Judicial decision, or mandatory arbitration of prices is also urged. The plan would put the final control of prices in the Arbitration Court, or another Court constructed on similar principles, representing all the parties whose interests are involved. All-round evidence would be taken, and minimum rates to producers, and maximum prices to consumers, would be fixed in such a way as to do justice to all concerned, in like manner as wages, or the prices of labor, are fixed at present by the Arbitration Court. The prices of wheat and meat, etc., to producers, and to the public, must be fixed somehow; and, when the organization of industry drives out competition, the question is whether prices are to be fixed by a private monopoly, or by a body representing all the interests involved, including the paramount interest of the public. The public may protect itself and the producers, capitalists, and workers also, by going into the business itself, wholly or partially, establishing a public monopoly or a competing public enterprise able to prevent any private monopoly of the business; or it can compel the judicial arbitration of questions of price, quality, service, etc., between organizations of producers, middlemen, and consumers.

(5) Progressive taxation may be used to drive the organization of capital into coöperative forms. Capitalists unite in aggressive trusts because economy and profit lie in that direction. Make coöperative union, not only the most economical as it is naturally, but preferable also on the score of private profit for the promoters, and capital will organize in coöperative forms. This can be done by putting high taxes on aggressive, anti-social, piratical combines, and awarding low taxes to combines organized on coöperative principles, opening their books to public inspection, doing business in the daylight, paying fair rates to producers, treating labor justly, making right prices to consumers, keeping only moderate profits on actual investment for themselves, and submitting to arbitration all questions arising between the combine and any other party or parties.

(6) The State railways and the mails may be closed to trusts that use the boycott or other unfair methods, or seek in any way to monopolize the market. A monopoly might be required to get a license, after thoro inspection of its methods by public officers; such license being granted each year only on condition that its methods and conduct for the preceding

year were just and reasonable, and possession of the license being necessary to secure transportation of its goods whether shipped by itself or others.

(7) Combinations may be forbidden by law, and the dissolution of existing trusts and combines ordered under heavy penalties.

(8) Fine and imprisonment may be imposed upon persons who organize or conduct unlawful combines, or have any active connection with them.

Such are some of the remedies that have been proposed for the budding evils of the trust. It seems of the utmost importance in this matter to distinguish clearly between combination and the abuses of the power of combination. To forbid combines is not the right way. In the first place it is useless to do that. That has been the law for ages, but the trusts grow just the same. They thrive on prohibition. They exist and develop in obedience to a law far higher than any that can be enacted by any legislative body on this planet, namely, the law of industrial gravitation, the law of integration and economic survival of that which is economically fittest to survive.

No matter what laws are made, men will unite to save the wastes of competition, and control prices, as soon as they get intelligence enough to understand the enormous advantages of so doing. If necessary the union may be by simple word of mouth, without any union of property titles or incorporation or formal agreement. No law can prevent these mutual understandings. In the second place it would not be wise to prevent combinations of capital even if it were possible. Organization is in itself of the utmost value. The purposes of the Millers' Trust above stated are excellent. But along with the economies of union, there comes a power of controlling markets and compelling whole classes, and even the general public, to stand and deliver, which power is very liable to abuse.

The problem is to keep the advantages of organization and get rid of the evils of arbitrary use of the powers of organization. The New Zealand law already encourages the combination of capital. The Arbitration Act puts a premium on union among capitalists as well as among workers. And capitalists have formed unions all over the Colony, not merely for the purpose of the Arbitration Law, but for general industrial control. In many businesses in the large cities the employers have combined, and without abolishing the system of tender altogether, they regulate prices, so that when a tender is sent in now the person who wants the contract has to tender at a price that will enable him to pay fair wages, and realize a good profit. These are good objects and they cannot be attained without union. Neither workers nor employers ought to be sweated. Common sense puts the seal of reason on the organization of capital, and New Zealand has put the seal of State upon it also. How then is union to be per-

mitted and encouraged, while the abuses of the power resulting from union are discouraged and eliminated?

Examining, in the light of this question, the proposed remedies above set forth, it is clear that the second, third, fourth, and fifth attack only the abuses, and leave the benefits of organization wholly or almost wholly secure. Judicial decision of conflicting interests as to prices, State entrance into the industry, and guidance of the organization of capital into cooperative channels by the power of regulative taxation with thoro public supervision and auditing, all seem to be fairly satisfactory remedies. Cooperation among producers or consumers to secure fair treatment is also of great value, but subject to the danger that the coöperative union of sheep farmers, for example, may use its power not merely to protect itself, but to fleece the public. There is no complete safety in partial cooperation. Every trust and combine, however aggressive on the outside is cooperative to some extent on the inside. You must have the sheep raisers united coöperatively, and the meat handlers also, and the consumers or sheep-eaters (or the State representing the public), and prices must be settled by some process of conciliation or arbitration of the opposing claims of these three classes.

The most ill-advised of all the suggested remedies probably are the last two, prohibition of monopolistic combines (laws attempting to destroy combination itself along with its abuses, or even regardless of the character of its methods), and personal punishment of the men concerned in such organizations (also regardless of the goodness or badness of the combine effected or conducted by them.) Such laws have been passed in America and Europe, but have not been enforced, and cannot be made effective. They are utterly incompetent to prevent monopoly. They do not draw the line between the good and bad of the problem of the trust. When manufacturers, merchants, or others who have been quarrelling among themselves in the business world, get sense enough to stop fighting each other, but, not content with saving the wastes of conflict among themselves, turn their united strength against the producer and the consumer, the way to deal with them is not to say: "Gentlemen, you must quit that union business and go back to fighting each other." But to say: "Gentlemen, you have shown that union and coöperation are excellent things; let's have more of them. It is all right to stop fighting among yourselves, but you must not join to make war on the producer and consumer, nor to force others into the combine or drive them out of business by means of the boycott or underselling in one locality while prices are kept up elsewhere. This partial cessation of hostilities and concentration of attack is too hard on the attackees. If you stop fighting among yourselves, as we hope you will, you must give up unregulated battle against producers and the public. Coöperate with each other by all means, but conduct your relations with outside parties also with reasonable regard to coöperative principles, or submit those relations to arbitration or judicial regulation."

The water must be squeezed out and kept out of the capitalization

of the trusts (the railways, street railways, telegraphs and telephones, and gas and electric plants too in this country), and they must not make unreasonable charges, nor discriminate unfairly, between persons and places, nor exclude labor and the public from a just share in the industrial control.

The New Zealand Parliament has debated several bills introduced by private members and modeled more or less closely on the American statutes, with prohibition of monopolistic combines under heavy penalties of fine and imprisonment. These bills have been clumsily drawn as well as bad in method. The one introduced this session (1902) was so broadly worded that its prohibitions would even cover the coöperative associations which the mover advocated as one of the principal remedies for the monopolies he was seeking to abolish. Nearly every member who spoke to the bill this year, approved the effort to avert "the danger of allowing anything of the nature of the American trust to get a grip on this country." But no one could be found, not even the mover himself, to stand by the details of the bill, and a facetious member moved an adjournment of the debate "in order to give the honorable member time to make up his mind whether he was really in favor of his own bill or not;" and to allow the Government to bring down the trust bill promised in the Governor's message. The debate went on, but the bill did not become law, and no law relating to trusts has yet been enacted. The private bills have been inadequate; and the Ministry is "waiting to see the nature of the legislation recently put on the statute book in America, as a result of the efforts and recommendations of President Roosevelt."<sup>11</sup>

### The Debates.

It may be well to add a few words about some of the measures introduced into New Zealand's Parliament on this line.

In 1893, for example, Mr. Shera moved the second reading of a bill for the "Restraint of Monopolies," which he said was modelled

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<sup>11</sup> President Roosevelt has manifested an earnest desire that something should be done to control the trust evil. It is due to him that suits have been brought against some combines under the anti-trust laws, and that Congress has created a Department of Commerce with power to investigate the conduct of corporations employed in inter-state commerce, strengthened the provisions against railway rebates, and enacted a law to expedite important actions under the anti-trust law. In the proceedings against the

on the Sherman Act. It prohibited every contract or combination in any form whatever, or conspiracy in restraint of trade or commerce, under penalty of \$2,500 and 12 months' imprisonment, and defined "combination" as "an association for the purpose of raising prices or restraining production." The mover frankly admitted that the press of the Colony was practically a unit against the measure; he had not seen a single article in its favor. But he thought they misunderstood it. Wm. Pember Reeves said that "the obvious effect of the bill first of all would be to consign to gaol (jail) the whole of the trade unionists of the Colony (as it is said the Sherman Act would do if carried out), and in the second place, it would render every member of a society of prohibitionists liable to a fine of £500 and to twelve months' imprisonment also. These might possibly be good features in the eyes of some other members, but he was not prepared to throw so considerable a section of his constituents into peril."<sup>12</sup>

The vote was 17 for to 34 against the bill.

In 1900, 1901, and 1902 several bills for the restraint of food trusts and the prevention of combines were debated. The

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merger of the Pacific railways, against the Beef Trust, against the pooling of the Southern railways to control the cotton shippers, and against the Salt Trust, the Government has secured judgments against the combines. The *spirit* of all this is admirable; it is the spirit of justice, and protection of the people against the abuses of corporate power. But the *wisdom* of our law is mixed, and the enlightenment flowing therefrom to New Zealand is quite incomplete. Stronger safeguards against railway rebates in favor of big shippers are unquestionably wise and needful here, but wholly unnecessary in New Zealand. A department of investigation and publicity is good for both countries, and the service rendered by President Roosevelt on this line is of the highest value. There have been periodic investigations of the more aggressive trusts, and the general facts are known; but the intervals of darkness between the search lights prevent the full truth from impressing itself on the public mind, and rousing the people to demand a remedy. The new Department of Commerce, when it once gets under way, will mean *continuous and thoro publicity* in place of partial and spasmodic publicity. The anti-public trusts do not like publicity of any sort; but they can get along pretty well with the intermittent sort that gives the public time to forget and the trust a chance to recuperate after each shock. The strong light of full and continuous publicity will, we hope, enable the people to distinguish clearly between good combines and bad combines, or between the good and evil effects of combination, so that they will demand legislation encouraging the one and suppressing the other, in place of indiscriminate laws against trusts and combines as interfering with competition and the economic superstition connected with it. Our anti-trust laws, and suits to enforce them and dissolve the combines, pools, and trusts, are wrong in principle and abortive in fact. Pooling, coordination, combination are right and beneficial to the railways and the country, and should not be forbidden, but encouraged and regulated. So with the Beef Trust, the Salt Trust, the Standard Oil, etc.; it is wrong and useless to try to destroy the combination. Organization is good *per se*, and will persist in some form, if only by mutual understanding, in spite of all the laws Congress can make, and all the suits the Government can bring. With all the President's energy and honest determination to do his duty in administering the law, the aggressions of organized capital will continue to grow, either in the light or in the dark, so long as the prohibitions of the law are aimed indiscriminately at the good and the bad in the trust, condemning combination and organization as well as the abuses of the power evolved by combination.

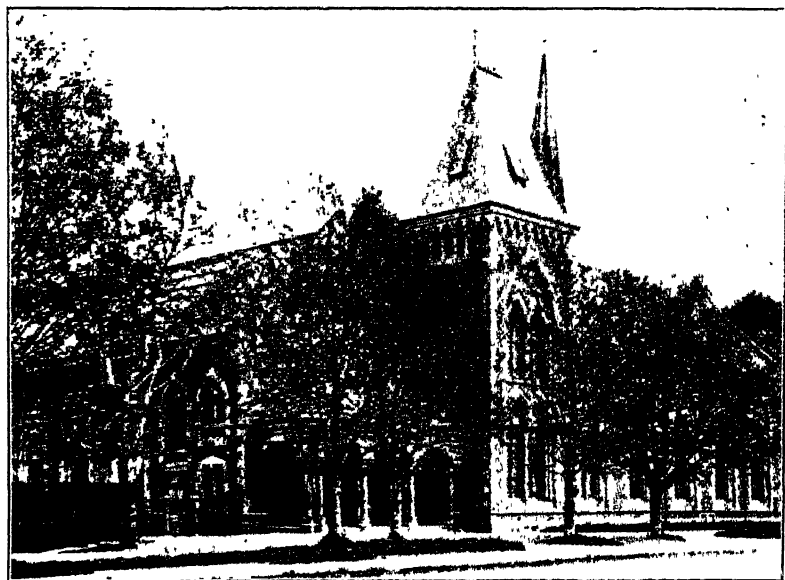
For the text of the recent laws, see Appendix to "Organization and Control of Industrial Corporations," Equity Series, 1520 Chestnut St., Phila.

<sup>12</sup> N. Z. Hansard, vol. 81, p. 128.



Rings and Combines Suppression Bill, introduced by Mr. Hornsby, this session (1902), prohibited all combinations under heavy penalties, and limited dividends to 15 per cent. It elicited lively and prolonged discussion, the following paragraphs from which throw further light on some of the points mentioned above:

Under the influence of the Millers' Trust a boycott has been instituted in this Colony. For example, supposing a baker dares to deal with a flour-miller who is not included in the trust, then the other bakers of the town in which he lives will go to this extent: they will



THE MUSEUM AT CHRISTCHURCH

*Where, in a future age, the fossil remains of aggressive trusts and combines may rest by the side of Maori spears and tomahawks and other barbarous relics.*

threaten the merchants with whom the man is doing business, and tell them that if they do not cease to supply this man with the ordinary articles of trade, leaving flour altogether out of the count, they will boycott them. (Hornsby.) In my district a miller was threatened by the combine that steps would be taken to put flour into the market in Wanganui at a price that would always be under the price he would charge. In consequence of the pressure brought to bear upon him he has now finally decided that it is necessary to join that combine. I maintain that the evils of these combinations must have very serious consequences upon the people of the Colony. We have also

to remember that not only are the millers working by every means in their power to get entire possession of the flour trade in New Zealand, but they are also working in combination with the bakers, who made an agreement in their turn that they would not buy flour except from the combine mills. In return for that the millers said that they would not supply any baker unless he also was in the combine with the other bakers. (Willis)

We know what is going on in America, and what is being attempted to be done here, and what has already been achieved, and altho this country is young, the same methods are being attempted here to force up prices that have been in force in America for many years past. As showing the need for the bill, a baker living in the neighborhood of Christchurch, who has been in business for nearly thirty years, came to my house just before I left for the session and told me the following story. He said: "I refused to be bound by the conditions attempted to be imposed. I have been in business nearly thirty years, and up to a short time ago I secured my flour from a man outside the Trust. This man joined the Trust, and wrote me that he could not supply me with any more flour; so I went to a friend in the trade and asked him to lend me two or three sacks to go on with until I could secure some from a shipment I was getting into the country from an outside source. This friend, however, told me that he dared not do it, as the Trust would shut up his shop, and I had to go after dark at night and get some sacks of flour from that man in order to supply bread to my customers." . . . In Auckland City, the Millers' Trust lowered the price of flour by £2 a ton in order to force the millers of Auckland to come into their association. It will be a bad day for New Zealand if New Zealand allows any combination to put into force such a power as that. (Ell.)

It cannot be denied that there is a combination, not only between the two meat companies, but involving a number of others extending practically over the whole North Island, banded together to fix what price shall be paid to farmers for their stock. And the two companies mentioned go further, because in the city of Wellington they have fixed not only the price to be paid for the stock, but they have also fixed the price to be paid by the consumers for the meat. These companies, when they desire to get several thousand pounds to add to their buildings or plant, do not go about it in the ordinary way by increasing their capital, or by taking money from the reserve fund, but they simply put their heads together and put the price of sheep down 1 shilling or 2 shillings, as the case may be, and at once the money rolls in, and enables them to make the required additions to their plant and buildings. With the honorable member who introduced the bill, I am glad to find that at last the farmers have awakened to the injustice under which they have been suffering, and that they have been holding meetings at Hawke's Bay, at Waipukurau and other places, and that they have decided to attempt to form coöperative companies for the purpose of removing the evil. But I may say that they cannot do away with the entire evil. The evil in the Colony is only

a fraction of the evil which exists outside the Colony, and which besets the whole meat trade. (Field.)

I hate monopoly in every shape. But it is not necessary to assume that a combination is of itself an evil thing. It may save a great amount of waste in production and distribution. (Fowlds.)

In the interest of the consumer and the farmer it is highly essential that these millers' trusts should be suppressed, if it is possible by legislation to do so; for, if not, we can look forward to the time when in this Colony we shall have the same objectionable state of affairs obtaining as prevails in the United States of America, the home of trusts. We hear in the North Island of the operations of the meat ring. In the South Island the rabbit-export trade has considerably increased, and as a result of its growth we find a combination among the rabbit-exporters for the purpose of keeping down the trappers' remuneration to the lowest possible figure. Again, when we consider what the wealthy Standard Oil Company has done in this Colony to fix the price of kerosene, and realize that they are declaring a dividend of 40 per cent, when we know that they can pour oil into this country at such a rate as to crush out any infant industry that may be established here, and then raise the price so as to recoup themselves, we see the danger the consumer runs in the Colony if we allow combinations of this sort to be formed here. (Gilfelder.)

The chief arguments which were used in the course of the speeches to-night in favor of this bill are drawn first from America, and secondly, with regard to the Millers' Trust within this Colony. Now, with regard to America, it may be at once stated, and I think it will be admitted by this House, that the enormous combinations and trusts, which exist in that country are absolutely impossible in New Zealand. Our taxation system is based upon such lines that I believe the coming into existence of millionaires, and the huge corporations which they control, have been rendered by the legislation of the last ten or twelve years, and are rendered an impossibility in this country. . . . As to the Millers' Trust, does the honorable gentleman know that in Christchurch for some time past the cash price of bread has been 4½ pence per 4-pound loaf? (G. W. Russell.)

It is idle nonsense, and it is unwise to compare the traders of this country with those engaged in trade in the Old Country and in America, where these great combinations link themselves together charging high prices for the necessaries of life in order to make millionaires of a few and to degrade the remainder of the population. (S. W. Smith.)

I believe the tactics of the American monopolists are to some extent being followed at the present moment here. If we look to America we shall find some very startling facts with regard to combines, and the manner in which they are allowed to extort from the millions in that country excessive prices for their food and clothing. The price of meat is fixed in the United States by six persons; that is to say, six individuals meet and fix the price of meat, and the consequence has been that during the last year a sum of £20,000,000 more profit

was made by the meat combine than was made in the year 1900. They have obtained £20,000,000 from the people of the United States more than they did in the previous year, and the price paid to the producers of the country for cattle was considerably less than it was in the year 1900. Last year the price of meat was increased by the meat trust  $2\frac{1}{2}$  pence (5 cents) per pound in the United States. The same thing has happened under the wool trust, and similar tactics have been adopted by the millers' trust in the United States. The farmers now, according to the most recent observers and writers upon that country, are denied a fair price for their products, and at the same time an excessive price is obtained from the great mass of consumers. (Napier)

Writers seem to think that the growth of trusts in America has been largely due to the transportation system of America being in the hands of private individuals and wealthy corporations, who in their turn can influence the trusts. There is thus a vast net-work of conspiracy which has influence from the producer to the consumer, whether the consumer lives in Chicago or London. The writers upon the question of trusts in the United States suggest as a remedy, for doing away with the evil in that country, the nationalization of the railways in the United States. Honorable members will thus see the difference which exists in the circumstances in this country and those which exist in America. It cannot be suggested here that the growth of the trust system is owing to the private ownership of railways, because here the State is almost the sole owner of the railways, and the State does not give preference to any corporation, syndicate, trust, or institution, such as is given by the privately owned railways in America. It was largely by those means that the meat trust of 1901 was inaugurated and carried to such a state of perfection that it was notorious that American meat could be bought in London cheaper than it could be bought in some American cities. (McNab)

The operations of the cosmopolitan ring-makers, the Pierpont Morgans, the Rockefellers, and the Vanderbilts will only have demonstrated to us the potentiality of combines. They may not prove enemies of the State in the long run. They will open our eyes to the capacity of such concerns; and I believe with the honorable member for Lyttleton, that they are hastening the time when the State will take a greater control over all the means of transit and all the necessities of life, all the commodities and requirements of the people. This being so, does it not strike home to the minds of members that the people should have some means of constant control over the possible abuse of governmental powers? The full initiative and referendum are needful, so that the people may fully control the Government, or it may become the greatest and most dangerous monopoly of all. (Hutcheson.)

When the honorable gentleman endeavors to introduce legislation which would destroy or prevent combinations of employers, he is working diametrically opposite to the interests of the laborers, because, unless the employers are permitted to combine to get a fair return for

the work they do, it is impossible for the laborers to get paid a fair rate of wages, as awarded them by the Arbitration Court. . . . The power to control trusts and combines should be vested in a Judge of the Supreme Court with associates sitting with him, one representing the Government, and through the Government the people of the Colony, and the other representing the particular interest that is being discussed, exactly as you do in the Arbitration Court. . . . The time may come when it may be necessary to set up a Board for the purpose of preventing aggregated capital seeking undue advantage. When the time comes to do that, my opinion is that we shall find a remedy, not in attacking capital in the way that has been proposed in this bill, but in regulating it by a system of extending the functions of the State. . . . If the time comes when the food stuffs of the Colony are raised to an unfair price by a combination or monopoly, then the Government will be quite justified in giving the lead to public opinion by stepping in and saying: "We will ourselves start State flour mills in order to keep the price of food fair in the Colony" (G. W. Russell.)

In Canada it was found that the cattle trade was being monopolized to a large extent by a certain shipping ring, that the farmers and producers of beef were being ruined by the shipping ring. What did the Government do? It immediately stepped in, and it said to these people, "If you do not stop this practise we shall interfere and run cattle steamers of our own for the preservation of the farmer." And it had to do that finally, and the shipping ring, which had been for a considerable time robbing the farmer of the profit which belonged to him, was burst up by the action of the Dominion Government. Now, sir, is it not conceivable that if rings and trusts are permitted to go on they may, nay, they will, capture the food-products of the world? and in that way plutocracy will get hold of the democracy. (Hornsby.)

It seems to me that the only effective solution of this difficult question is for the State to establish industries and run them as a national venture. (Ell.)

In closing the debate the mover of the measure asked that members would vote for the second reading in order to affirm the principle of opposition to monopoly and aggressive combines, proposing that the matter then go to a select committee for full investigation of the trust situation, final action to await the bill promised by the Ministry.

The mover said: "The people of this country will give the members of the House a most hearty support if they see to it that this matter of monopoly does not get its grip upon New Zealand." The bill was carried to a second reading by a vote of 21 to 16.<sup>13</sup>

It is very interesting to note how New Zealand turns to America for light on the trust question. She puts the whole world under her microscope, studies each germ disease and social microbe in its favorite habitat, and ransacks every land

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<sup>13</sup> See *N. Z. Hansard*, vol. 120, pp. 177-219.

for remedies for social ills. Other nations may well imitate her practise in this regard. We hope she will not look to America in vain, and we are sure America may derive great benefit from looking at her. Even on this question of the trust, tho comparatively unimportant to her, the discussion in her Parliament has gone deeper than any discussion of the subject in our Congress, and has presented clearly and concisely the principles on which a full and true solution must rest.

#### THE ETERNAL LAND QUESTION.

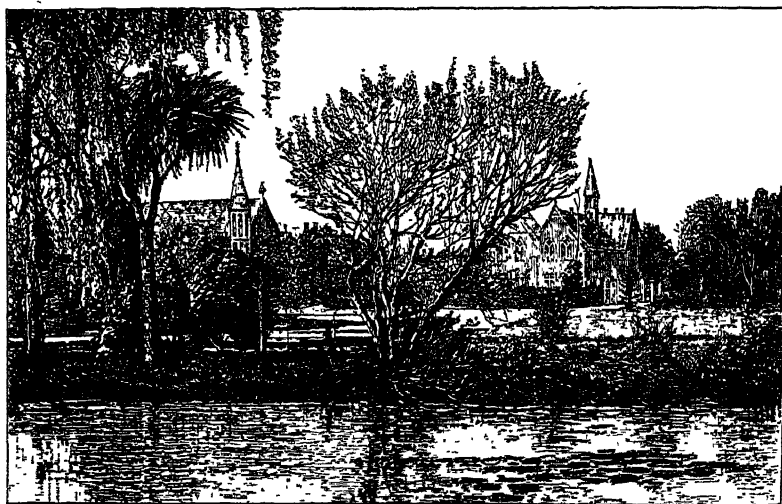
In the early days there were great facilities for speculation and the acquiring of large freeholds, and many obstacles to genuine settlement. In the seventies encouragement was given to cultivation in small freeholds. In the eighties, an effort was made to establish small leaseholds. During the Liberal years (1891 to the present time, 1903) great encouragement has been given to the leasehold system, so great in fact that it has become the dominant element in the public land laws, and great discouragement has been the policy in respect to large freeholds. Popular as it is, however, there is still opposition to the State leasing system. A recent meeting of freeholders denounced it, and many who believe in State ownership of the soil do not approve the lease without revaluations.

It seems probable that the great tendencies of the progressive past will persist in the future; viz., the effort to stop speculation and private enrichment by the unearned increment, the placing of the land in the hands of small owners and holders for genuine use, and the growth of national ownership of the soil. But it is not unlikely that plans and methods may be altered, especially in regard to the resumption of estates. If, instead of paying value down, the State would resume the land on the plan of paying for it in a series of annuities, extinguishing the private title in the next generation, a much more rapid nationalization of the land would be possible, and without injustice, burden, or mass of debt, since a reasonable rental would meet the whole requirement. By such methods large amounts of land distributed throughout the Colony could be nationalized each year without enlarging the public debt. And when the private titles are extinguished the whole rents would come to the public treasury. Mines, railways, electric plants, etc., could

be absorbed on the same plan, making the profits extinguish the private titles in a series of years. If at any time the owners, becoming quasi-mortgagees under this revised process of eminent domain, desired to realize a capital sum in place of the annuity, they would have no difficulty in doing so in any of the great money markets of the world.

#### OLD-AGE PENSIONS.

New Zealand's old-age pension system is likely to be modified so that, subject to the requirements as to residence, etc., the right to the pension shall begin at the date of disability instead of at a fixed age. The press of New Zealand recognizes the advisability of this change. It is probable that the amount



CANTERBURY COLLEGE, CHRISTCHURCH.

*The English literature classes here are the largest recorded for any college or university in the world. The College (which really ranks with the universities) is also noted for the large number of ladies it sends through the New Zealand University examinations.*

of the pension may be better adjusted to the circumstances of particular cases so that one who has no other resources may receive more than \$90 a year, while one who has a moderate income from other sources may not receive so much as at present.

#### PLUCKING THE GEESE. THE PROGRESSIVE TAXES.

One of the most vigorous movements in New Zealand at the present time, is for the increase of the progressive tax. In

her present land and income tax laws New Zealand has only made a beginning. She recognizes the fact that the taxes should be progressive both as to time and as to extent of income or holding, the per cent increasing with the size of the individual income or estate, and all percentages increasing by easy stages every few years. One accentuation has already been made since the original act of 1891. The graded land-taxes in that law and in the amending act of 1893 were as follows:

Land values £	Act of 1891 Graded tax	Land values £	Act of 1893 Graded tax
5,000 and less than 10,000	½d. in the £	5,000 and less than 10,000	½d. in the £
10,000 " " " 20,000	¾	{ 10,000 " " " 15,000	¾
		{ 15,000 " " " 20,000	¾
20,000 " " " 30,000	1	{ 20,000 " " " 25,000	¾
		{ 25,000 " " " 30,000	¾
30,000 " " " 40,000	1 ¼	30,000 " " " 40,000	¾
40,000 " " " 50,000	1 ½	40,000 " " " 50,000	¾
50,000 " " " 70,000	1 ¾	50,000 " " " 70,000	1 ¼
70,000 " " " 90,000	2	70,000 " " " 90,000	1 ½
90,000 " " " 110,000	2 ¼	90,000 " " " 110,000	1 ¾
110,000 " " " 130,000	2 ½	110,000 " " " 130,000	1 ¾
130,000 " " " 150,000	2 ¾	130,000 " " " 150,000	1 ¾
150,000 " " " 170,000	3	150,000 " " " 170,000	1 ¾
170,000 " " " 190,000	3 ¼	170,000 " " " 190,000	1 ¾
190,000 " " " 210,000	3 ½	190,000 " " " 210,000	1 ¾
210,000 and above	1 ½ in the £	210,000 and above	2d. in the £

This is in addition to the ordinary land-tax which is now 1 pence in the pound on unimproved values above mortgages and exemptions

The persuasive pressure of the graded tax and the land resumption policy have caused the division of so many estates as to decrease somewhat the revenue of the State from the graded land-tax. This decrease may be met by raising the rates of taxation or by taxing the small men who are now exempt. The latter proposal has few friends in New Zealand. The small men, through the tariff duties, still pay more than their fair share of the total public revenues, in spite of their exemption from the land and income taxes; and as at least nine out of ten of the voters are small men, and the Government belongs to them, the proposal to tax them further meets with little favor. To increase the graduation of the land and income taxes is the popular remedy. The Liberals regard such increase as entirely just and right. The Colony has sold for less than 80 million dollars some 15 million acres now worth 420 millions or more. The Liberals point out the fact that this difference of value would have gone into the public Treasury under a



proper system of taxation, and insist that it is now a fair subject for a gradually intensifying levy.

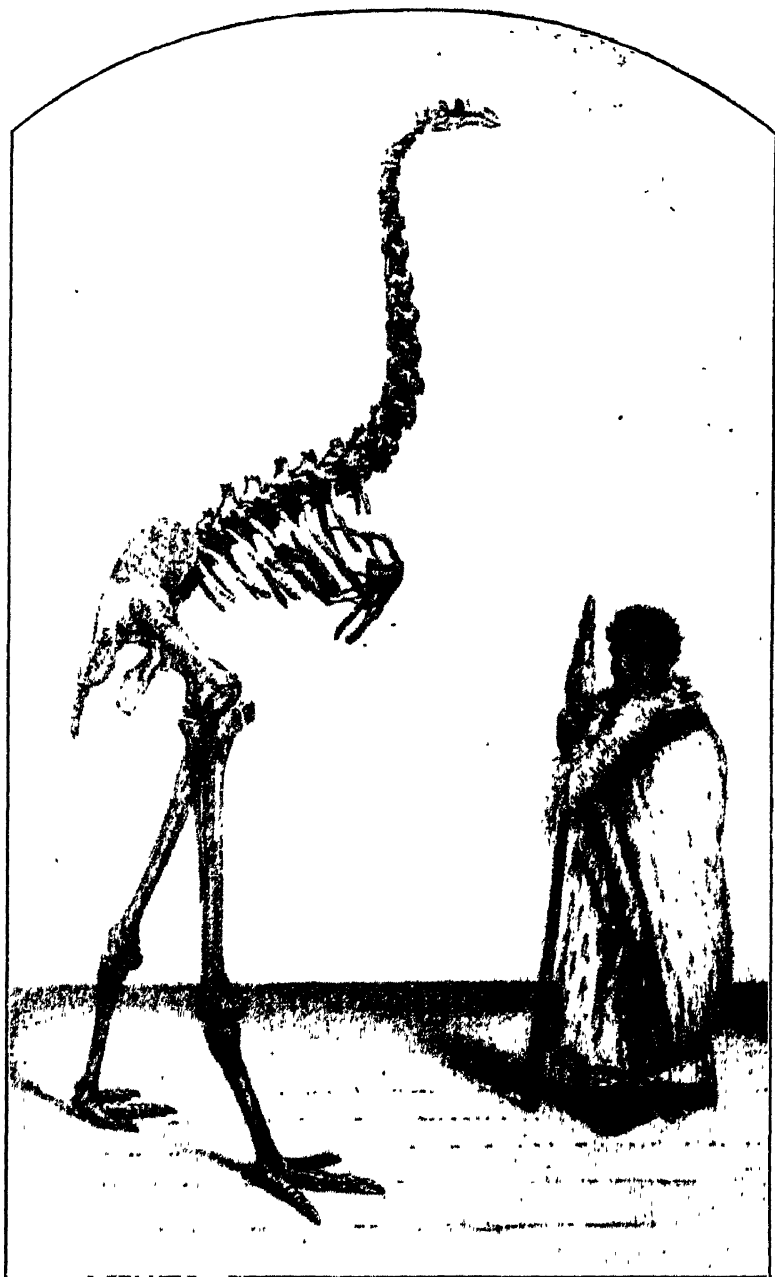
Lifting the graded taxes a few notches, and reducing the tariff on the necessities of life, is clearly one of the important moves that may be expected in the near future. It is in the direct line of New Zealand's established policy. Premier Seddon has declared himself in favor of it, and Mr. Ell, a young and vigorous Liberal, is leading an agitation for a "lower taxation on life and a higher taxation on land and luxuries." His society, the "Progressive Liberal Association of Canterbury," has "papered New Zealand" with facts and arguments about the evils of tariff duties on the necessities of life. The average rate of the tariff is 25 per cent but the rates on necessities are much higher: On sugar, 30 per cent; salt, 48; rice, 42; tea, 40; kerosene, 90, etc.

The bulk of the duties on necessities falls on the poorer people. The laborer, with six or eight people to take care of, perhaps, and an income of five or six hundred dollars, must spend the whole of it for necessities, and has to pay duty on his whole income. While the rich man, with an income of twenty thousand, and a smaller family very likely than the poor man, can live on a small fraction of his income and pay duty only on that part. If a direct tax were levied by the Government on the whole of the poor man's income and only on a tenth of a rich man's income, there would be a revolution in New Zealand (or in America if it were tried here), but the same thing can be done in the dark, under cover of the tariff, and the people submit because they do not realize what is being done. This trick of indirect taxation is what the French statesman Turgot called "plucking the goose without making it cackle."

There is one country (the only country besides New Zealand in which the common people have real and complete control of the Government) that has thoroly reorganized the plucking business. The Swiss geese have found out the trick and have turned it into direct progressive taxation, or the trick of plucking the goose where the feathers are thickest, and where it will hurt the least. In several of the more radical cantons the rich and well-to-do pay nearly all the taxes. In Zurich fifty years ago all taxes were indirect; now we are told that \$32 out of every \$34, or over seven-eighths of the whole, are raised by direct and progressive taxation on incomes, inheritances, and real estate.

In the case of incomes, the largest pay at a rate of five times as heavy as the moderate ones. In the case of property, the largest fortunes pay at a rate twice as great as the smallest. In the case of inheritances, the tax has increased more than six fold in the last thirty years. The larger the amount of property and the more distant the relative the heavier the rate.

The poorest laborer pays about 2 per cent of his wages in taxes, being 15 to 30 per cent better off than before the present system was adopted; the well-paid clerk pays 5 per cent of his salary, being 10 to 20 per cent better off; the business man worth \$50,000 or more pays



### THE MOA OF NEW ZEALAND.

*From a specimen in the Christchurch Museum. This giant of the tribe of wingless birds was sometimes 13 feet in height, or "as tall as one man standing on another," according to Maori modes of measurement. The aborigines hunted the bird and sucked its eggs. The skeleton of a native has been found buried in the earth with a Moa egg 12 inches long in his hands in position for sucking. It was intended probably to sustain the traveler on his journey to the happy hunting-grounds.*

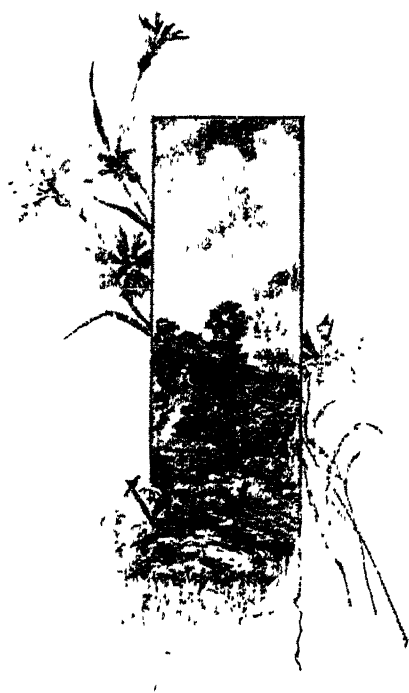
*The Moa corresponds among birds to the millionaire aristocrat and giant conservative among men, the former is extinct, and the latter is on the same road in New Zealand.*

10 per cent of his profits, and rests about where he was; while the large capitalist, worth half a million or more, pays 25 per cent of his income, and so gives back, to the public a part of the excess that he receives above what he earns. These laws have done a great deal to aid the diffusion of wealth and check the too rapid growth of overlarge fortunes, and the results are seen in the fact that while Switzerland was until recently very poor, the exchanges of wealth per capita there are greater to-day than in any other country of Europe. It is certainly an extraordinary fact, that the three million Swiss consume as much wealth as the fifteen million Italians.

In the United States taxation is a powerful instrumentality for intensifying the unfair distribution of wealth, and for conducting the earnings of the poor into the coffers of the rich. In New Zealand and Switzerland taxation has become a powerful instrumentality for securing a better balance between the rich and the poor. But New Zealand has only gone part way in the transformation of taxation into accord with the principles of justice and wealth diffusion, and the vigorous agitation now in progress to secure another step in this direction seems sure to win the day in spite of the intrenchments of the tariff.

Free justice, the referendum, national steamships, fire insurance, mines, etc., are only a question of time. They are the logical outcome of the underlying principles and purposes, conscious and subconscious, under the influence of which the whole movement of the last dozen years has taken place. In fact all the probable developments we have been speaking of are but a few predicted ripples on the surface of the mighty stream that is moving toward industrial freedom, harmony and organization for the benefit of all. They are right in line with the splendid movement toward a richer and freer life, wider union and more perfect organization, equalizing institutions, and the uplift of the common people, that has filled the 19th century to the brim and in New Zealand reached a special development. To the marvelous advance in knowledge, wealth, and political liberty and union, that has marked the century throughout the civilized world, New Zealand has added a grand advance toward industrial harmony and justice. To the general movement toward the mastery of Nature and the emancipation of Humanity, the subjection of material forces and the liberation of life, the transfer of servitude from men to matter, New Zealand adds a vigorous effort to lift men not only above nature

but above the dollar ; to protect every citizen from the industrial as well as from the political tyranny of his fellow-men ; an effort which is growing in vitality each year, and with the development of economic thought and education, just legislation, public ownership of monopolies, and cooperative industry in agriculture, commerce and manufactures, bids fair in due time to transform the whole industrial disorganization and conflict of modern life into full accord with the principles of union and organization, coördination, partnership, liberty, and justice.



## CHAPTER 77.

### SNAP-SHOTS OF SOME OF NEW ZEALAND'S LEADING STATESMEN.

#### I.

SIR GEORGE GREY, THE GREAT GOVERNOR AND LIBERAL,  
STATESMAN.



Governor Grey.

George Grey was the greatest figure in the first half century of New Zealand's Colonial history. He was a wise leader, capable commander, eloquent speaker, graceful writer, and a social architect of high type; strong and practical, yet keeping fundamental principles always clearly in view. He was the saviour and organizer of New Zealand, South Australia and South Africa; and, besides his statesmanship and military pursuits, he found time by way

of recreation to be an ethnologist, a literary pioneer, and an ardent book collector who twice founded libraries with the books that had been the happiness of his working life.

He was a son of Col. Grey, of the British army, and was born at Lisburn, Ireland, in 1812; was educated at Sandhurst for the army; entered the service in 1829 and became a Captain in 1835. Four years later he retired from the army and went

on an exploring expedition to Australia, where he was appointed Governor of South Australia in 1841. In 1845, during the first Maori war in New Zealand, he was transferred to the Governorship of that Colony, and brought the war to a successful close in a few months. For this he was made a Baronet, and became *Sir George*.

When he landed in New Zealand he was a pleasant looking, blue-eyed, energetic young officer, with a square jaw and firm but mobile mouth, and a queer trick of half closing one eye when he looked at you. He had a young and handsome wife, and, tho this was not his first Governorship, he was but thirty-three.

Grey had the knightly virtues, courage, courtesy and self-control. He was full of self-reliance and dignity; knew how to keep his own counsel and to mask his intentions. Tho wilful, and strong in his antipathies, he kept strict guard over his tongue; but with his pen he was an evasive, obstinate controversialist. He was indifferent to money, but greedy of credit and reputation even to the extent of failing sometimes to give his colleagues their fair share of credit. He was fond of leadership; but was truly devoted to the great principles of liberty, equality and self-government for which he did so much.

With the natives, after once beating them, Grey's relations were those of pleasantness and peace. The chiefs recognized his imperturbable courage and self-control and were charmed by his unfailing courtesy and winning manners. He learned their language and studied their character and customs. His tact in dealing with them was unequalled. He employed the natives as laborers in making the roads, and so led them to discover that wages were better than warfare. When a powerful chief refused to allow one of the Governor's roads to be pushed through his tribal lands, Grey said nothing, but sent the chief's wife a present of a carriage. Before long the road was allowed. His influence with the Maoris enabled him to buy large tracts of land from them for the State on reasonable terms.

When England sent out a Constitution for New Zealand in 1846 conferring on the Colonists the right of governing themselves, and

also of governing the Maoris, Sir George refused to carry out the act. He tried to satisfy the Colonists with nominative councils and local self-government until their number in relation to the Maoris justified the establishment of a National Government, of which the whites were sure to have control even tho the suffrage were granted to the Maoris. He drew the present Constitution substantially as it was finally adopted, except that he wished to have the members of the Upper House elected by the Provincial legislatures as our Senators are chosen by the State legislatures. England objected to this and decided that the Senators should be appointed by the Governor.

In 1849 Governor Grey persuaded the Home Government not to deport convicts to New Zealand.

Grey found the Colony on the brink of ruin; he left it in a state of prosperity and progress, and went in 1854 to be Governor of Cape Colony; but in 1861 he was again transferred to New Zealand to deal with the second Maori war. He left the Governorship in 1868, and soon after retired to private life on a Governor's pension. In 1875 he came into public life again to oppose the abolition of the provinces, and remained to advocate triennial Parliaments, one-man-one-vote, national ownership of the soil, and other democratic ideas. In 1877 to 1879 he was Premier, but he did not succeed in carrying the Parliament with him in his most vital plans. Atkinson and Hall, the Conservative leaders who opposed him, had not a tenth of his emotional power, or grasp of principles, but their facts and figures had great influence with the House. Moreover, as we have seen, Sir George was not always sufficiently generous and considerate to his own lieutenants who had their own ideas and their own followers, and naturally wished to have their full share of credit and influence. He was not very successful as a Parliamentary leader, but he was the greatest Governor New Zealand ever had; a man of high ability and noble nature, a statesman of remarkable foresight, and a political educator of great power and splendid purpose.

Grey had a strong personality from boyhood up. He distinguished himself at Sandhurst College, in all his Governorships, and as a citizen and member of Parliament. He played five leading parts in New Zealand: First, as Governor, with almost despotic powers (1845-53). Second, as Constitution builder. Third, as Governor under the Constitution (1861-8). Fourth, as a great democratic agitator (1875- on). Fifth, as a leading member of Parliament, and Premier.

After he resigned office in Oct. 1879, Grey sat in Parliament continuously till Nov. 1890, when he did not offer himself. He was in Parliament again March, 1891, having been in the meantime reelected. He was a delegate to the Federation Convention in Sydney, 1891, and stood almost alone for the one-man-one-vote principle, but gained great popular support all over Australia through his speeches in the leading cities of South Australia, Victoria and New South Wales, in favor of equal rights.

Opinions of Grey among his contemporaries ranged from the top to the bottom of the scale. Froude and Olive Schreiner have described him as a Christian hero and a noble statesman; while others regarded him as a political rogue-elephant. The Viceroy whose hated household the Adelaide tradesmen would not deal with in 1844, and the statesman whose visit to Adelaide in 1891 was a triumphal progress; the public servant whom the Duke of Buckingham insulted in 1868, and the Empire-builder whom the Queen delighted to honor in 1894, were one and the same man. So were the Governor against whom New Zealanders inveighed as an arch-despot in 1848 because he turned down the unjust Constitution act, and the popular leader denounced as an arch-demagogue by some of the same New Zealanders thirty years afterwards because he advocated political equality and opposed the land monopolists.

Gisborne says: "Sir George Grey has extraordinary abilities. His perceptive faculties are singularly keen, his memory is very retentive, and his mind is stored with varied and valuable information. He is highly intellectual, and his reasoning powers are of a high order. He is far-seeing, and, if he chooses to do so, he can look deeply into large questions, and form sound conclusions. Cautious by nature, he is, when he makes up his mind, firm and courageous in action. He is persuasive in writing, eloquent in speech, with a considerable sense of humor and pathos, and his manner is at times extremely winning. These precious gifts, joined as they were in the prime of his life with indomitable energy, must have raised him to the highest eminence, but unfortunately they were alloyed with constitutional defects, which the surroundings of his public career have aggravated, and which have frustrated his achievement, not of greatness, for great he is with all his faults, but of the highest positions of public usefulness." The faults referred to, Gisborne explains, are the over-fondness for personal prestige already named, and the controversial tendency leading to personal antagonism and bitterness.

Sir George was in hearty sympathy with the work of the Ballance Ministry, and was one of the staunchest Liberals in Parliament in the early nineties. The great Premier's land and tax policy was right in line with what Grey himself had been teaching for thirty years. He strongly supported the equal suffrage bill, and the women fully appreciated his services. In 1893, the first year in which the women voted, Grey stood for re-election as a Liberal candidate for representative from Auckland, and was returned at the head of the poll. He retired from Parliament in 1894 on account of age, and the House passed highly complimentary resolutions on his services to the State.

While in England the Ex-Governor took special interest in the Home Rule movement, in which he was a firm believer. He died in 1898. Every year of progress in New Zealand adds its testimony to his far-sightedness, and his services as Governor and agitator are likely to be even more appreciated by the next generation than by the present one.



## II.

SIR WILLIAM FOX; FOR PEACE, LIBERTY AND TEMPERANCE.



Premier Fox.

Here is another of the greatest leaders of the early years in the movement for political freedom and peaceful relations with the natives, and also in the cause of total abstinence, to which he gave his earnest and unselfish devotion. He was born at Durham, England, June 9, 1812; educated at Oxford; became a member of the bar in 1842 and went to Wellington, New Zealand. He was four times Premier between 1856 and 1874, but his

greatest triumphs were as leader of the Opposition in the House, especially when protesting against the war policy of the Stafford Government. While he was Premier in 1870, a bill was passed founding the New Zealand University; and Vogel's Public Works scheme was inaugurated.

He was an English lawyer of quick perceptions and great intelligence, and traveled much, was a close observer, a good writer and powerful speaker, with great powers of graphic description. He was elected to the House in 1855 and soon came to the front. Activity, pugnacity and aggressiveness were the law of his nature. Impetuous, vehement, unrivaled in sarcasm and force of invective, and always eager for the fray, he had eloquence, humor, political knowledge, debating power and all the artillery of attack. He was a sort of Wendell Phillips in miniature without so great a purpose to sanctify his battle, yet not without strong occasions for the exercise of his abilities. He fought nobly for years in the cause of fuller political freedom, resisted oppression in whatever form it appeared, and secured legislative and administrative reforms that gave his name the lustre of statesmanship.

Yet he was not a good Premier. Tho frank, considerate, obliging and steadfast to his friends, he was too fond of personal denunciation, and his impulsiveness and fighting proclivities marred his constructive power. He was never moderate. He could not control his colleagues

and even lost touch with his party. He retired several years before his death, in 1893. After his retirement from public life he gave himself to lectures and addresses on the temperance question.

### III.

#### SIR EDWARD W M STAFFORD THE WAR MINISTER.



Premier Stafford

Sir Edward Stafford was the greatest of New Zealand's Premiers before the Liberal years. He was the correlative of Fox. His policy toward the natives in the trouble time from 1860 to 1870 was war to the bitter end, peace through subjection by force; while Fox and Grey aimed at conciliation, peace by just dealing and thoro understanding rather than by force.

In respect to the provincial question, the other great issue of the early time, Stafford was a moderate Centralist, approving local self-government, but opposed to the absorption of national powers by the provinces, while Fox was at first an ardent Provincialist, tho afterward joining in the movement for the abolition of the provinces. Stafford was great as Premier, but comparatively weak in opposition. Fox was superb in opposition, but comparatively weak as a Premier. The result was a vibration of power between the two. When Fox was Premier he was sure to give Stafford some opportunity to undermine him, and when Stafford was in power, the tremendous strength of Fox in opposition would sooner or later overcome even the splendidly guarded administration of the great Premier.

Stafford was the only child of Col. Wm. Wakefield Stafford; was born at Edinburgh in April, 1820; educated at Trinity College, Dublin; and went to Nelson in 1843, where he became prominent in public affairs.

He entered the House in 1855, was Superintendent of the Province of Nelson, and three times Prime Minister, once for five years at a stretch, the longest term of power in the history of the Colony until the present Premier Richard J. Seddon broke all records with his ten years of Premiership already past and no limit yet in sight for

the future. Sir Edward Stafford had the qualities of a great executive. He was cautious without timidity, bold without rashness, self-confident without jealousy, willing to take advice but exercising good judgment in using it, fond of power but not abusing it, possessed of an excellent memory, a good knowledge of men enabling him to make admirable appointments, fine common sense, and a broad grasp of principles without neglect of details. His speeches were noted for clearness, argumentative force, and breadth of scope. His power of work was immense when he chose to exert himself. Were it not for the uncompromising war policy of his second administration (1865-1869) his record would merit almost unqualified approval.

#### IV.

##### SIR FREDERICK WHITAKER, THE FAMOUS ADVISER.



Attorney-General Whitaker.

Gisborne, the statesman historian of the Colony, regards Sir Frederick Whitaker as the most remarkable man in New Zealand history. For 40 years, from his nomination to the Council by Fitzroy to his retirement from the Premiership in 1883, he exercised a powerful influence in public affairs, not so much through the offices he held as through the tremendous weight his counsel had with public men. He was not usually the chief actor, but was for a generation the chief

planner, the great adviser of the great doers. He was a lawyer with a keen analytic mind which saw all the possibilities of a situation. He practiced law in Auckland from its earliest settlement with great success; clear and forcible when he had a good cause, few could surpass him in mystification and the art of saying nothing in many words when he had a bad case. He excelled in drawing bills, not the kind most lawyers draw so easily, but legislative bills, good legislative bills, framed in simple, comprehensivē, precise language, and arranged with admirable skill, every clause in its place, and exactly fitted with all the rest to make a perfect whole.

He was neither a genius nor a man of high culture, but he had enormous capacity for intellectual work, and his mind was clear and

well balanced. He did not jump at conclusions nor omit important data. He saw all round his subject. He was shrewd, cautious, far-seeing, patient, persuasive, secretive, watchful, persevering, industrious. Not eloquent nor successful before a multitude, but strong in conference or in the Legislative Council where debate resembles mild conversation in a quiet room. He was in Stafford's Cabinet in 1856, with Vogel in 1873-77, Attorney-General under Hall, 1879-82, and Premier in 1863 and again in 1882. He died in December, 1891

## V.

## SIR JULIUS VOGEL, THE INSTITUTION BUILDER.



Minister Vogel.

Sir Julius Vogel, twice Premier of New Zealand and one of her strongest leaders, was born in London 1835; educated at the London University School and at the Royal School of Mines, and went to Melbourne with a certificate of high proficiency, intending to employ his talents in the gold fields of Australia, then lately discovered, but he was soon elected to the Provincial Council and became head of the Provincial Government.

Later he went to New Zea-

land, and in the sixties was elected to the House of Representatives. He was a man of sanguine, kindly nature, quick constructive faculty, and peculiarly persuasive manner; and these attractive characteristics, together with his grasp of finance, rapidly brought him to the front. His quick perception, restless energy, persistent and indefatigable industry, tenacity of purpose, foresight, wonderful vigor of mind, versatility, originality, boundless fertility of resource, great knowledge of men and things, happy disposition and entire freedom from vindictiveness or political malice, made him one of the best, if not the very best, all-around leader New Zealand has had. He became Colonial Treasurer in the Fox Ministry in 1869. He was afterwards Postmaster-General, then leader of the House, and finally Prime Minister from 1873 to 1875, and

again in 1876, when he resigned on account of his health. Knighthood was conferred upon him in 1875. He was Agent General in London for New Zealand from 1876 until 1881, and died in 1899. He was married in 1867 to a daughter of the Colonial Architect. He wrote a number of strong pamphlets and magazine articles, and a novel entitled "A. D. 2000."

The National Railways and Public Works Policy introduced by him in 1870, when he was Treasurer, was the means of bringing 100,000 immigrants into the Colony and constructing 1,200 miles of State railways during the ten years ending in 1881. New Zealand also owes to him the establishment of Government Life Insurance, the Public Trust Office, the adoption of the Australian Ballot, the improvement of the title registration system, and the abolition of the Provinces which stood in the way of a vigorous national life. His party became the Conservative power in New Zealand in opposition to the Liberal program of Grey and Ballance. But Vogel himself was very progressive in his nature, as is shown by the measures already named. As a politician he has been characterized as "an imaginative materialist," because of his union of practical sense with a clear perception of far-reaching principles. Few men have left a better record. His name rests among the first half dozen in New Zealand's roll of honor.

## VI.

### HON. CHARLES C. BOWEN. EDUCATION.



Minister Bowen.

The Hon. Charles Christopher Bowen is noted as the Minister who carried the noble Education Act of 1877, establishing the national system of free schools on which New Zealand's greatness rests. He was a man of classical culture, educated at Rugby and Cambridge. He came to Canterbury in its earliest days; was chairman of the Canterbury Board of Education from 1872 till 1874, when he was appointed to the Legislative

Council and became a member of Vogel's Ministry; but soon resigned and was elected to the House, where he took the foremost rank.

He was born in 1830 at Milford, Ireland; and combined the Irish affinity for politics with abilities and character of a high order.

He had gentle and winning manners, persuasive powers of a high order, firmness, perseverance, conciliatory attitude, patient forbearance from angry retort, and thoro mastery of his subject

He retired from Parliament in 1881, and in January, 1891, was appointed to the Legislative Council, where he still serves, a life senator.

## VII.

SIR HARRY ATKINSON, THE GREAT FINANCIER AND CONSERVATIVE.



Premier Atkinson.

Sir Harry Atkinson, the master mind of the Conservatives, four times Premier, and for 15 years (1875-1890) the foremost figure in New Zealand politics, was born in England and went to New Zealand as an emigrant in 1855, at the age of 25. He became Captain of volunteers in the Maori war, and rendered such distinguished service as to receive the thanks of Parliament.

He rose to political prominence during the discussion of the abolition of the provinces

in 1875. The vigor and success of his replies to his great antagonist, George Grey, carried him at a bound to the leadership of the Centralists, who in succeeding years became the Conservatives in opposition to the Liberals who gathered round the standards of Grey and Ballance. This leadership he retained till his health gave way, in 1890, and even after that he was President of the Legislative Council, or New Zealand Senate, until his death, in 1893, at the age of 62. He was Minister of Public Defense in 1864, Colonial Treasurer in 1879, and Premier in 1876-7, 1883, 1884, and 1887 to 1890.

In the days of his prime he was regarded as the best debater in the Colony, and was held in high esteem for the integrity, simplicity and kindly straightforwardness of his character. He was a gaunt and shaggy man, with a thoughtful face furrowed

by care. He was as unlike his great opponent, Grey, in disposition and demeanor as could well be possible. The two appeared to have nothing in common but inexhaustible courage. Grey was all courtesy; Atkinson was almost oddly tart and abrupt. Grey's oratory consisted of lofty appeals to great principles; Atkinson's speeches consisted of plain and solid statements of fact. He regarded Parliament as a place for the transaction of public business. When he had anything to say he said it plainly, with utter scorn of the graces of oratory. Tho he was a punishing debater, he never hit below the belt. Outside of the House he was a working Colonist; inside, a practical politician. It was sheer clear-headedness and force of character that enabled him to control the Parliament with little interruption for 15 years. As Treasurer he carried the chief Protectionist duties. With his colleague, Hall, he helped to repeal the land-value tax that Grey and Ballance had obtained in 1878; but the one-man-one-vote law which gave New Zealand manhood suffrage was passed under his Ministry.

Reeves, who knew him, says that he had "theories of a quasi-socialistic kind, but he did not allow these theories to influence his public life to any appreciable extent." He was, in practise, simply the hard-headed leader of those who opposed the labor, land, and tax reforms of the Liberals and desired to keep industrial conditions substantially as they were. At his death both friends and opponents joined in sorrow for the loss of a brave and faithful public man.

Gisborne says the qualities that gave Major Atkinson so strong a hold on the Government for so many years, were intense self-reliance, great tenacity of purpose, great knowledge of finance, and wonderful powers of concentration. "If he devoted his attention to a subject there seemed to spring up in him a spontaneous growth of the faculties and powers necessary to succeed in it." Yet "he was not a deep thinker nor a man of large mind." His knowledge of finance was the keynote of his career. It made him master of the Ministry, and Treasurer continuously from 1876 to 1884, excepting two years. He was not a popular leader; awkward, abrupt, and rather dictatorial, he depended on his usefulness, not upon his attractiveness. His greatest fault was his exceeding love of office, which made him subordinate political principles and important measures to the retention of personal power; and led him, after the Liberal victory of 1890, to perpetrate what Sir George Grey and many others regarded as a fraud upon the Government, by getting the Governor to appoint him to be President of the Senate, and several other Conservative leaders to be life members of that august body.

VIII.

HON JOHN BALLANCE, THE FIRST LIBERAL-LABOR PREMIER.



Premier Ballance.

John Ballance, the great leader who led the common people to victory at the polls in 1890, was the son of a North Irish tenant farmer. He was educated at the local National School, and in 1853, when 14 years of age, he was apprenticed to an ironmonger in Dublin. Afterwards he went to Birmingham, and then to New Zealand in 1866, at the age of 27, where he became a sheep farmer, but soon opened a jeweler shop at Wanganui, about a hundred

miles north of Wellington. A little later he started a paper called the "Wanganui Herald," and devoted himself to journalism. In 1868 he raised a cavalry contingent which took part in the Maori war. He was elected to Parliament in 1875 as an advocate of the unification of New Zealand, but tho opposed to Grey on the province question, he was with him on land and taxation and franchise measures. He was a member of the Cabinet from 1877 to 1879 and 1884 to 1887, and Prime Minister from 1891 to his untimely death in 1893, at the age of 54.

Soon after taking office in 1878 he announced that the Government would introduce a bill conferring residential suffrage, to destroy the monopoly of the ballot by property owners. This was the first announcement of the kind in any of the colonies.

Ballance thought that an Imperial Council of advice should be formed in London to be the nucleus of a real Imperial Parliament, and that the colonies should share in proportion to population and wealth in the defense of the Empire.

He was such a man as men delight to look upon, to associate with, and to honor,—strong, honest, keen, practical, kindly, generous, prudent, progressive, and of tireless industry. He had a *vigorous constructive mind, and a lovable nature, full*



*of sweetness and light.* He was an excellent debater and a courteous, considerate chief. His speeches were not sparkling or brilliant, but solid and robust, characterized by clearness, force and earnest feeling. He did not use invective nor antagonize in any way, but persuaded and convinced by his clearness and fairness. Opponents rising to reply to him, complimented him on the strength of his presentation and said they never heard a poor speech from Ballance. Unlike Grey, he had the coöperative spirit which enabled him to act with others whether he could lead or not; and the fairness to give his colleagues and lieutenants their due share of credit instead of claiming it all for himself. The selections he made for his Cabinet, Seddon, Reeves, McKenzie, etc., were most excellent. He had not only a strong grasp of great principles, and a mastery of details, but understood men also. He could rouse great public meetings, and conduct wearisome and complicated business discussions.

Being the son of an Irish tenant farmer, his opposition to land monopoly was not a mere theory, but the outgrowth of practical experience. His Village-Settlement plan, inaugurated in 1886, by which thousands of idle men were settled in good homes with public loans to help them get a start in the world, had made him the most popular Minister of the time among the workingmen. He was the author of the first land-value tax law, and took a leading part also in securing manhood suffrage. In 1888 he was chosen to head the Liberals who were devoted to Grey's policy of enlarging the suffrage and democratizing the institutions of the Colony. The trade unions joined the Liberals under his lead in 1890, and the same year, which was the first in which manhood suffrage and political equality took effect in New Zealand, the Liberal farmers and the workingmen together swept the field and John Ballance became Premier of the Colony.<sup>1</sup> Alone among all the statesmen and people's parties of Australasia, he and his party

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<sup>1</sup>The United States Consul at Auckland, in his report to our Government in 1897, speaking of the awakening of the people in the years preceding 1890 to the seriousness of industrial and political conditions, with depression and bankruptcy prevalent, and capital controlling the Government in the interest of monopoly and avoiding payment of its fair share of the taxes, refers to Ballance, saying: "It was about this time that Mr. John Ballance began to expose the true position of affairs to the people, and he did his work so efficiently that the people rallied round him; he was elected and made Premier of the Colony. This was the beginning of the end. "His unselfish devotion to the cause of the people was fully recognized and admitted at once. His honor, integrity, and individuality so impressed themselves upon the Colony that whatever measures he proposed were invariably adopted. But unfortunately he did not last long; from over-exertion and worry he sickened and died."

He was opposed to further borrowing by the State, and proved that the Colony could get along and make great progress without it. His successor, however, has not followed his policy in this respect.

succeeded in uniting Labor and the Liberal farmers, tradespeople and professional men, at the ballot box.

In his opening address as Premier he spoke of tax reform and the settlement of the people on the land as the first things to be attended to, and announced the intention of the Government to do away with the contractor system and establish in its place direct employment on the cooperative plan. He advocated progressive taxation to check monopoly. He was strongly opposed to absentee landlordism, and one of his rallying cries was, "New Zealand for the New Zealanders." He was not a Single-taxer, believing it would amount to confiscation, but he advocated State tenancy and led the crusade against the freehold. He believed in the nationalization of the soil by purchase, and urged the resumption and division of the big estates. "There is nothing," he said, "which will conduce more to the prosperity of the country than cutting up those large estates and putting people on the land. Increase the number of your estates, make easier the position of the producers, and you will multiply the energies of the Colony." He lived to see his progressive tax ideas and part of his land and labor policy put in operation, but he died before the complete adoption of the measures he stood for. He was deeply mourned by the common people and his name is revered from end to end of New Zealand as one of her greatest citizens and leaders.

## IX.

SIR ROBERT STOUT, PROHIBITIONIST, LIBERAL, LAWYER, STATISTICIAN, PREMIER, AND CHIEF JUSTICE.



Chief Justice Stout.

Sir Robert Stout, the colleague of Grey and Ballance in the struggle for political equality and land democracy, was twice Premier in the eighties and a leading member of the Liberal Parliaments till 1898. He was born in the Shetland Isles in 1844. In his early years he was a schoolmaster, but later became a lawyer of marked ability at the Dunedin bar. He entered the House in 1875, and became Attorney-General in Grey's Cabinet in 1877. He is one

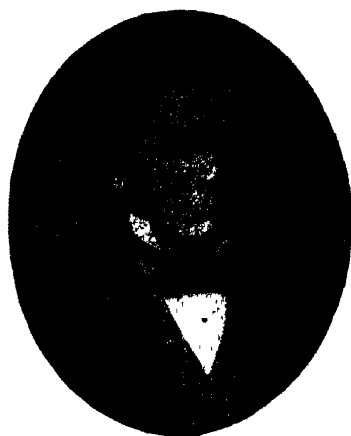
of the most intellectual, cultivated and philosophic of the progressive men of Australasia.

In 1887 he introduced a bill for compulsory purchase of large estates. In 1893 he led the Prohibitionists in Parliament, and did it with splendid energy and resource. He retired from Parliament in 1898, and in June, 1899, was appointed *Chief Justice* of New Zealand, a position he still holds.

He is noted as a writer and statistician; clear, logical, indefatigable, ever accumulating rich stores of information. He has enormous capacity for work and is never idle. In youth, it is said, he was positive, self-confident, theoretical, wilful, and didactic, but he has gradually outgrown these defects, and they were always tempered by a kind and conciliatory disposition, except where his beloved temperance cause and prohibition ideas were in question.

## X.

### HON. WILLIAM ROLLESTON, CONSERVATIVE LEADER



Minister Rolleston.

Hon. William Rolleston was leader of the Conservatives in the early nineties, but was defeated in 1893 by the women's vote. He had been for a quarter of a century a prominent and respected member of Parliament. For 8 years (1868-1876) he also held the important elective office of Superintendent of the Province of Canterbury (corresponding to the Governorship of one of our best States), and it was there in 1874 he began the Village Settlement system

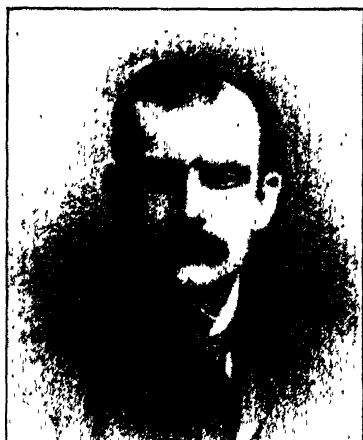
which in after years, under Ballance and McKenzie, became a vital and permanent element in the national land system of the Colony. From 1879 to 1882 he was a Minister in Hall's Cabinet, and was a member of the Whitaker and Atkinson administrations, 1882-1884.

Rolleston was born in Yorkshire, England, Sept. 19, 1831. He graduated in 1855 with classical honors at the University of Cambridge, and came to the Colony in 1858. He was at first very conservative, but gradually became more and more radical in spite of himself. As a Minister he was liberal, prudent and farsighted. He was a strong advocate of the perpetual lease. It was he, who as Minister of Lands in 1882 brought down the first bill for the true

perpetual lease with periodic revaluations. He disliked red tape and procrastination; was clear, methodical and industrious, of fine intelligence, well educated, energetic, earnest, animated by the highest motives; but oversensitive and emotional, lacking somewhat in decision of character and definiteness of purpose, chiefly, it is said, from an excess of conscientiousness, which made him so afraid of doing wrong that he sometimes did not do anything. Gifted with excellent power as a writer, his speeches were full of good matter, but marred in delivery by a hesitating utterance. A man of admirable parts, but not perfectly fitted together.

## XI.

HON. WILLIAM PEMBER REEVES,  
THE GREAT LABOR MINISTER, AGENT-GENERAL, AND AUTHOR.



Agent-General Reeves.

Hon. Wm. Pember Reeves, author of the famous Arbitration Law, and one of the most brilliant of New Zealand's progressive statesmen, was born at Christchurch, in New Zealand, in 1857. He was the eldest son of Hon. William Reeves, a distinguished colonist, Minister in the Fox Cabinet, 1871-2, and afterward a member of the Senate. Young William Pember had a remarkable career as a student, winning four valuable scholarships, which so pleased his

parents that they sent him to Oxford to be educated for the English bar. But one winter in England was enough for the young native of the Land of Light, and he entered the New Zealand bar instead of the English. He soon threw up the law, however, for journalism, devoted himself to the Lyttleton Times (which his father founded and owned), and worked his way up from a contributor to the editorial chair. He entered Parliament in 1887, stood with the Liberals, Ballance, Grey, Seddon, etc., and became one of the leaders of the civic revival that swept the country in 1890. In his 8 years' service in Parliament he proved himself one of its best debaters and most capable legislators. In fact, at times, he is a *brilliant* speaker,

eliciting applause by the very force of his presentation, which at its best, is as clear and analytic as a chapter of Euclid. He is tall and rather slender, with a keen eye and kindly countenance; an oval head, firm mouth, and great vigor and activity. He is a very clear and persuasive lecturer, who always thoroughly understands his subject, and knows how to make others understand it. If I were to meet him without knowing who he was I would take him for a New England Yankee of the best type.

In 1891 he entered the Cabinet as the first Minister of Labor. In addition to managing the public employment bureaus and superintending labor legislation in relation to factories, etc., he made a special study of conciliation and arbitration. He traced the development of arbitration in all the leading countries, including England, France, and the United States, and found that the only way arbitration could be made effective and reliable was to make it compulsory in the same sense that the settlement of other disputes by judicial arbitration in courts of justice is compulsory, not in order that the minority may rule the majority, but that it may not. Time and time again in New Zealand and other countries the majority of masters and men in certain trades had agreed to terms of settlement or methods of arbitration, sometimes after years of negotiation, only to have the whole structure overthrown by an irreconcilable minority of commercial cut-throats determined not to yield a particle of their privilege of murderous competition. He saw that compulsion is only another name for law. Taxation is compulsory; sanitation, education, and good order also. His bill for compulsory arbitration was debated through three sessions of Parliament, and twice thrown out by the Upper House, but Mr. Reeves' presentation of the matter was so clear and strong that the bill was finally passed in 1894 almost without opposition.

Mr. Reeves' success in establishing industrial arbitration in New Zealand whereby the abolition of strikes and lockouts has been accomplished, has thrown new light on the great question of extending the practise of arbitration to international disputes, and given new hope to the movement for the abolition of war.

He is a vigorous and pleasing writer. His "Long White Cloud" is one of the best books about New Zealand, especially for her early history; and his "State Experiments in Australia and New Zealand," is an excellent and authoritative, tho long and rather complex,<sup>2</sup> discussion of some of the leading reforms in the seven progressive colonies of the South Pacific.

Mr. Reeves went to London as Agent-General for New England in 1896, a position which he still holds. His successor as Labor Secre-

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<sup>2</sup> See Appendix. Bibliography.

tary, Mr. Tregear, is full of sympathy with the workingmen, and equally full of common sense in his dealing with them. He has made a lifelong study of the labor problem and was chosen because of his well-known interest in schemes for the amelioration of the conditions of labor. His motto is, "With work, everything; without work, nothing." His estimate of the present industrial system is shown by the following remarks in one of his early reports: "The wage-payer is the master of the wage-earner, the landholder is the master of the landless, and the owner of the machinery is the owner of the machinist."

## XII.

SIR JOHN HALL, LEADING LIBERAL-CONSERVATIVE.



Sir John Hall.

Sir John Hall was one of the most useful public men in the Colony; not eloquent nor of striking ability in any way, but painstaking, moderate, accurate, conscientious, intelligent, with good judgment and common sense, thoro knowledge of public business, untiring industry and indomitable pluck, — qualities which, in spite of some narrowness and lack of enthusiasm, made him one of the best all-round men in the public life of his time.

He was a leading member of the House in 1856, in the Stafford Cabinet, 1866-69, in the Fox and Waterhouse Ministries, 1872-3, and Premier from 1879 to 1882, when ill health forced him to retire. He was a leader of the Conservatives, yet it was on his motion that the Electoral Act of 1893 was amended so that the voting clause should include women, and sex cease to be a bar at the ballot box.

John Hall was born at Hull, Dec. 18, 1824. He was educated on the Continent. In 1840-3 he was in a merchant's office. In 1852 he went to Lyttleton, in Canterbury, New Zealand, and became a sheep farmer. He entered the Provincial Council in 1853, and the National House in 1855.

## XIII.

HON. JOHN MCKENZIE, THE LIBERAL, MINISTER OF LANDS.



Minister McKenzie.

John McKenzie, who with Ballance and Reeves and Seddon, carried the land and tax reforms that startled the world in 1891-2, was born in Rosshire, Scotland, in 1838, and went to New Zealand in 1860, at the age of twenty-two. He became a successful farmer in Otago, entered public life, and for over thirty years held positions of public trust, first as Secretary of the Otago Land Board, and afterwards as Member of Parlia-

ment and Minister of Lands. He was never defeated in an election; sometimes no candidate was put up against him, so satisfactory was he to his district.

He was tall, broad-shouldered and massive, shrewd, sensible, sincere, obstinate, outspoken, a warm friend and a bitter enemy. His features were considered homely, but they let the kindly light show through and that made him fine looking. He was a good fellow, liked and admired by those who knew him, and a debater of tremendous force and directness.<sup>3</sup>

Reeves speaks of him as "a gigantic Gael in grim earnest in the cause of close settlement, whose plain-spoken exposures of monopoly not only woke up the Liberals, but went home to the small settlers far and wide" He got his ideas on the land question as a boy in

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<sup>3</sup> Mr. Reeves says of Mr. McKenzie: "He spoke rapidly and with a strong accent. He was not a smooth-tongued orator. His broad Doric, the delight of the House for many years, was now and then of the roughest. When engaged in knocking down foes he was none too careful to avoid treading on the toes of his friends, and his foot was heavy. He would tell any set of men, even newspaper editors, what he thought of them, and had a gruff scorn of self-advertisement. The one object of his heart was to have the land occupied by real settlers, and get rid of speculators and monopolists."

Mr. Reeves knew the *great Scot* intimately, and speaks of him with a tenderness and a depth of appreciation very unusual with the calm Agent-General. His tribute to McKenzie, pp. 272-5, vol. I, of "State Experiments," is in his best style. "McKenzie is an instance of a statesman—he deserves the title—whose standing and influence within his Colony were great out of all proportion to his reputation outside. Beyond New Zealand his name is

the Highlands of Scotland, where he saw men and women foreclosed and evicted. "The cruelty of the freehold" was one of his pet phrases. Behind the freehold he saw gathering in New Zealand all the things he had learned to hate in Scotland: the rack-rent, foreclosure and evictions, the concentration of land in the hands of monopolists, the power to put sheep, cattle, and deer where men, women and children ought to be, the power to speculate and monopolize. "We have had the freehold for fifty years," he said, "and the result is these big estates, the greatest curse of New Zealand."

There were 13 landlords (9 of them companies) who had 165 sheep runs, one company alone having 25. "One man, one run," was the cry by which McKenzie drew the people to him. He had a map made to show Parliament how the country was blackened with the great estates.

He was a farmer and the representative of a farmers' district, and he devoted himself to the establishment of a rational land system. As a step in this direction he pushed through two laws in 1892 and 1894; one of them was intended to prevent future monopoly in the public lands, and the other to break up existing monopoly in private lands by State purchase, which should be compulsory if necessary. Both made ample provision for the settlement of the people as tenants of the State instead of under freehold titles and private landlords. The main idea of both his measures is that land shall be held only for use, and only for such use as is for the public good, and that the public shall be the judge of what is good for it.

He proposed the leasing system partly in answer to the entreaties of settlers who had been foreclosed by the money lenders, and partly as the result of his conviction that the freehold meant private

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little known. In the Colony, from 1890 to 1900 the plain old farmer was the power behind the throne. . . . There were speeches of his which were veritable trumpet calls. . . . (On the platform, when speaking for the reform for which he was literally giving his life, there were moments when this shepherd from the hills, passionately direct and lifted up by the greatness of his theme, could carry any audience away. . . . His successes in debate were not unbroken however, for when provoked—and at times he was deliberately badgered—his temper would explode in a rather appalling fashion; and then, as the tones of his Keltic voice grew high-pitched, he would, if I may employ the figure, hurl himself at his tormentors in short rushes as of a baited bull. Even then, however, the House was very tolerant of 'John' and his explosions. And this was not merely because he was a good fellow when off the stage, well liked by all who had stood shoulder to shoulder or glass to glass with him. His hearers knew the difference between bluster and the outburst of an over-wrought, sorely-trying temperament. . . . If his temper was unequal, his heart was in his work. Too earnest to avoid worry, too proud to shrug his shoulders at insult, a farmer, not meant for desk-work and life indoors, he felt attacks and took public life hardly. So his health gave way and he died before his time. But he had held office for ten years, had been a ruler as well as an official, had breathed life into the department of lands, and built up that of agriculture. He carried the Land Act and the Repurchase Law. Thousands of New Zealand homes are of his planting. It was not for nothing that, when a youth, he had seen evictions, and had beheld Highland peasants, hunted from the soil, encamping for the night among the gravestones of a churchyard, their only refuge. First and last, year in, year out, the strong Minister labored for genuine settlement; from that nothing ever turned him aside; and so the rough indomitable man did work that will not soon pass away."



monopoly, and sheep in place of men. He fought hard to have the leases made with 30-year revaluations, but he could not carry this and had to choose between giving it up or losing the whole law. Compulsory purchase was at first defeated, but McKenzie made the campaign in his district in 1893 on that issue and was triumphantly re-elected. His compulsory provision was enacted the following year. In the debates on the Land Bills, McKenzie pointed out that the lands of the Commonwealth were largely in the hands of joint-stock companies, many of them absentee corporations, and he quoted from the speech of the Chairman of one of the great Land Companies to the shareholders in London, to the effect that "they were going to declare a dividend and bonus of 15 per cent, but the shareholders could not look for any higher dividends or bonuses till wages had been reduced in New Zealand."

Speaking of his experience on the Otago Land Board, he said: "The laws in those days were all made by monopolists. Land squatters and speculators and land grabbers got into the provincial councils and made laws to suit themselves. The people had no voice. A man had to hold a certain area of land before he could get a vote, and the people were represented entirely by one class, and they made the laws to suit themselves."

Grey, Ballance, Stout and McKenzie were the great land democrats, and from first to last were always faithful teachers of the doctrine of "Land for the people."

#### XIV.

THE HON. GEORGE O'RORKE, SPEAKER OF THE HOUSE.



Speaker O'Rorke.

Sir George Maurice O'Rorke has presided over the House for nearly thirty sessions in eight different Parliaments, and is still Speaker. From July 11, 1879, to the present time, whenever he has been in the House, he has been elected Speaker whether Conservatives or Liberals were in control. He performs the duties of the chair with great skill, and his decisions generally commend themselves to universal acceptance. He is naturally courteous and obliging, but on

those rare occasions when there is a "scene" in the House, his Irish blood gets overwarm and he acts with such vigor for

the restoration of order that he is considered temporarily violent and abrupt. His absolute impartiality is unquestioned. All parties and all individuals get fair play at his hands.

He was born in Galway in 1830; educated at Trinity College, graduating in 1832; went to Victoria in 1852; and to New Zealand in 1854, where he became a member of the bar in 1868, and has been in the House most of the time since 1861.

He was a member of the Vogel Ministry in 1872-3; but when his Chief announced his policy of abolishing the provinces, Sir George resigned. He had received his early training in one of the provincial councils, and would not turn against them.

His remarkable gifts as a presiding officer and the equally remarkable common sense of the New Zealanders in keeping him in the Speakership term after term regardless of party, are the points of greatest interest in his career.

## XV.

THE RT. HON. RICHARD JOHN SEDDON.

PERENNIAL PREMIER OF THE PARADISE OF THE BRITISH EMPIRE.



Premier Seddon.

The Right Hon. Richard J. Seddon, the present Premier and leader of democracy in New Zealand, has achieved the most remarkable record yet made by any public man in New Zealand. He has been for ten consecutive years at the head of the Government, and is still the loved and admired leader of the overwhelming majority of the people.

He was born in England in 1845, of sturdy Lancashire farming stock. He became a mechanical engineer by profession, and is an associate of the American Institute of Mining Engineers. With a Board of Trade certificate of his capacity, he went to Australia in 1863, at the age of 18. Four years later, when the gold fever was at its height in New Zealand and the

rich discoveries on the West coast offered him chances of fortune, he went to the Island Colony and New Zealand made its promise good. Later he became head of a successful mercantile business; then he entered public life, and passing up through Road Boards and Provincial Councils, the Board of Education and the Mayoralty of Kumara, was elected a member of Parliament in 1879. He has remained in Parliament ever since, and is the only member of the House who has been so long in the Assembly. When the Liberal Party came into power Ballance made him Minister for Public Works. When the Premier died, in 1893, Seddon was called by the Liberals to take his place as their leader, a position he still retains with the ever-growing confidence of his followers and the devotion of the common people, whose interests are first in his thought and always sure of his untiring support.

Even in his mining days, "Digger Dick," as he was called, was always a champion of the oppressed. Any miner at the mercy of a bully was sure of assistance from him. He is a man of magnificent physique, tall and powerfully built and with an energy of mind and body, and a knowledge of men and things, that enable him to accomplish remarkable results. One of our own statesmen, Webster, in his prime, was called a "steam engine in trousers;" and Premier Seddon has been described as a "dynamo in pants." His strong, intellectual and physical equipment and his deep sympathy for the people and all that concerns them, make him a tremendous power in politics. He is a born democrat, fresh from the multitude, true to the cause of progress, saturated with the principles and purposes for which New Zealand stands. He is very fond of his Progressive Commonwealth, and likes to call himself the "Premier of the Paradise of the British Empire."

The people call him "King Dick," not because he is autocratic, for he is the greatest democrat of them all, but because he is a masterful leader, a natural king of men. Among a people electing their strongest and most popular leader to be chief or king, he would have been chosen king in fact. As it is, he has all the power a man can rightly have in a democratic country and the pet title "King Dick" besides.

His opponents caricatured him at first, and the Prohibitionists misunderstood him. But every year has strengthened him in popular esteem. A French observer says: "When one speaks of the Min-

istry in New Zealand, one is understood to refer to the Prime Minister, the Hon. Richard Seddon, who is himself the whole Ministry. He has several colleagues, it is true, in form, but it is he who does everything; he is the master of the country, the 'King Dick,' as they call him in the Colony."<sup>4</sup> This is an exaggeration. The Premier's colleagues are strong and useful men. One of Mr. Seddon's strong points is the selection of able colleagues, such as Sir Joseph Ward, Hon. Wm. C. Walker, Hon. Wm. Hall-Jones, etc. Moreover, he is not the "master" of the country, but its leader. There is no means by which he could retain his power but through the continued confidence of the people and their representatives.

The Premier is genial, frank, kind-hearted, a good comrade, fluent and earnest in speech, always hard at work, 300 pounds full of vitality, strong will, self-reliance, and imperturbable assurance. Red-tape snaps in his fingers. He is Prime Minister, Colonial Treasurer, Minister of Labor, Minister of Defense, and Minister in Charge of the Government Insurance Department and Public Trust Office. In 1901 he took part in the proceedings on the floor of the House 400 times. It took 8 big 50-line columns to index his efforts, one line to an address or reply. And he has all the Cabinet work just indicated besides. He is President, Treasurer, Business Manager and Chief Legislator, rolled into one. His performance is enormous, and the gastronomic supplies he absorbs are in proportion. He is an astute politician of the coolest pluck, of great quickness and marvelous staying power, and uncommon capacity for taking pains. In the elections he throws himself into the campaign work with huge delight. He is here, there, everywhere, with energy enough for half-a-dozen leaders; and his mighty voice, clear common sense, and jovial presence cheer the supporters of the Liberal Government at scores of meetings.

A strong opponent of Mr. Seddon, in reply to my question what he thought of the Premier, said: "Well, he likes to have his own way, but his heart is with the people. The old-age pensions made him very popular; he put it through. I don't like his policy on the liquor question. But he is honest in it."

"Could he be bought by the liquor interest?"

"No. He is not corrupt nor corruptible."

"How much is he worth?"

"Well, he's not rich, hasn't over £6,000 (\$30,000), I think. He made his money in mining business, not in politics. He is likely to be poorer instead of richer the longer he is in office."

"Do you think he has the confidence of the people?"

"Well, he's been Premier ten years; that ought to answer that question."

The Premier's energy, sympathy and resource, and his splendid record in Parliament explain the powerful hold he has on the people. He worked hard for the factory laws, old-age pensions, government loans to settlers, compulsory purchase of large estates, and provision

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<sup>4</sup> Andre Siegfried in the *Revue Politique et Parlementaire*. (1899.)

for workingmen's homes; and he favors the zone system, lowering of the tariff, State fire insurance, control of trusts, majority elections, and the referendum. Tho not a Prohibitionist, he is willing to submit the question to the people and abide by their decision.

He warned the coal-ring that if it did not act right the Government would go into the coal business, and he has fulfilled his promise. He has warned the shipping ring that if necessary to curb their exactions he will go before the people in a campaign for the nationalization of steamships. He has warned the wealthy citizens that they may expect still heavier taxation. When he took office as Minister of Public Works he found that altho the contractors were forbidden to sublet by the express terms of their contracts, yet they were practically all subletting. Minister Seddon put a stop to this, saying: "It is the sweating system in a most flagrant and baleful form." In the campaign of 1899, when the Conservatives announced their purpose, if successful, to abolish the coöperative system and return to the contractor system, Premier Seddon said in his speeches that he would stand by coöperation as long as he remained in New Zealand, and would not return "to the days of sweating and of truck stores kept by contractor's relatives," nor to the days when old men or men of inferior capacity could not get work because the contractors did not want them.

The Premier believes that cooperation and democratic industry are the two hemispheres that will make up the industrial world of the future.

One of the issues brought forward by the Conservatives in 1899 was the substitution of the freehold for the leasehold. Premier Seddon said: "The end of the freehold system is that the mortgagee gets the farm and the farmers get the road." The people had had enough of the freehold and private monopoly of land, and they returned the Liberals to power with a larger majority than before. When Minister for Public Works, Mr. Seddon took strong ground on the unearned increment question in dealing with the continuance of certain railway construction then in hand. He said: "Every pound the Government spends upon the railway will give an increased value of twice that amount to the land through which the railway runs, which will be a benefit to a very few individuals." Wherefore he declared it would be folly to go on with the construction till arrangements had been made with those owners for such sale or lease of their land as would give the public the advantage of the unearned increment.

In respect to the management of the railways, Premier Seddon says: "It is my idea that the railroads are the servants of the people, and that they should be run entirely in their interest. We want to bring every farmer's product to the markets at the lowest possible cost. If we can build railroads so that the man 100 miles from the seashore can send his produce to the ship at the same cost as the man who lives only 10 miles away, we raise the value of the first man's land to that of the second. Nearly all the roads are making money, but

there is no incentive to give anything else but the best service at the lowest possible cost."

"But how about using such large bodies of men in Government employ? Do not the clerks vote to keep your party in power, and can you not make them do so?"

"I do not think," replied the Premier, "there has been any attempt to do anything of that kind, and I doubt if it could succeed. We have rigid civil service rules and we maintain them."

"Do you think the United States can ever have successful control of the railroads?" said the questioner

"I don't see why not," said the Premier, "Congress might take over the railroads at their market value, paying for them with Government bonds. Much cash would not be needed, for the holders of the railroad bonds would be glad to exchange them for Government bonds. I think your Government could run the railroads with much more benefit to the people, and that the time will come when your people will demand that it do so."

The workmen believe in him because of his unvarying championship of them from the earliest days. The country people believe in him because of the vigor and tenacity with which he has fought for their land and tax and money reforms. The Progressives in general believe in him because he represents their ideas with courage and force. He is a great leader of a great people.

## XVI.

### SIR WM. RUSSELL, LEADER OF THE OPPOSITION.



Sir Wm. Russell.

Captain Wm. R. Russell (now Sir William Russell), has been leader of the Opposition against the Liberal Government in the House since June, 1894. He was born at Sandhurst, England, Nov. 12, 1838, and was the son of an army officer, Lieutenant-Colonel A. N. Russell, who went to New Zealand in 1845 and served in the Maori war. William returned to England three years later to be educated; after which he also was in military service in New

Zealand till 1861. He bought large estates at Flaxmere, in Hawke's Bay, where he is extensively engaged in squatting

pursuits. After being for several years a prominent and active member of Parliament he became a Minister in the Atkinson Cabinet in 1884, and again in 1889-1890.

He is good-natured and gentlemanly, popular and respected, and has considerable executive ability. But in debate he devotes himself too much at times to personal remarks and foolish predictions based on suspicion, often incorrect, as to the motives of the Government in pushing the measure under discussion. A passage in the debate on the Referendum Bill (1901) set forth in a former chapter, throws light on this habit or attitude. "As an organized body the Opposition has ceased to exist," said the Captain, "but as individuals we should still to the best of our ability, criticize every measure he (the Premier) brings down." This does not fully express the facts, however, for the criticism has often degenerated from judicial consideration of the measure to personal reflections upon the Ministry. On the other hand it must not be forgotten that he has manifested his cordial belief in Government railways, telegraphs, banks, life insurance, etc., advocated proportional representation tho opposed to the Referendum, expressed his readiness to aid in establishing State fire insurance, favored the perpetual lease with revaluations, and supported the arbitration act, which many deem the most advanced of all the Liberal measures, and the one it took the most thought to grasp and the most courage to support. This shows that he is not actuated by mere party spirit or blind opposition to the Government, but uses his head and his conscience, and is not afraid to side with the Liberals against his own followers if he thinks the Government is right. In fact this leader of the Conservatives has so much of the Progressive spirit in him that in Europe or America he would be ranked as a Radical rather than a Conservative or a Liberal.

In recognition of his long and faithful service, the Captain was recently knighted by King Edward. From among the many congratulations showered upon him from all sides we may quote the following from a Liberal member in the House, July 2, 1902: "I think it is a significant fact that all parties in the Colony, men of every class in the Colony, have been rejoiced at the honor which has been conferred by His Majesty the King upon so worthy a Colonist as Sir William Russell. And it is also worthy of mention that *this title has*

*been bestowed at a time when Sir William's opponents occupy the position of Advisers to His Majesty's representative in this Colony."*

#### OTHER MEN OF NOTE.

Many others are, or have been, very prominent in the public life of the Colony, but the scope of this book compels us to confine our biographic notes to those whose names are identified with some great advance, or whose service, by its combined distinction and length entitle them to a place in the front rank of those whose mature and brilliant abilities have been devoted to the Colony's progress or to the opposition to it. It has sometimes been very hard to draw the line. The Hon. Sir Joseph Ward, for example, the able Minister of Railways, whom Mr. Seddon chose to be Acting-Premier during his absence in England, and who has shown himself worthy to stand in the place of power that Ballance and Seddon have made famous round the world, is a man who would add lustre to any administration; but we believe he belongs to the future, and has not yet done the work that will give him his true place in the history of the Colony (perhaps it will be the establishment of the zone system or State fire insurance). He is a brilliant star not yet in its zenith.

Leadership has had a place in the development of New Zealand as it does in all great movements. This factor was specially important in the earlier years. George Grey and Julius Vogel did much that probably would not have been done without them, at least for years to come, but by 1890 the whole body of the common people had become so thoroly roused, that, altho the leadership of Ballance and Seddon has been of great value, there is little doubt that the people would have accomplished their purposes without them. There are always men of ability in every community ready to lead the people to new achievements whenever the people are fit to be led. Even the work of Grey and Vogel could not have been done if the people had not responded to their suggestions. The same thing is true of John Ballance, Richard J. Seddon, and William Pember Reeves, whose work more than that of any others perhaps, in the recent history of the Colony, bears the impress of individual power.

Carlyle and some other writers have placed too much importance on genius and leadership. A gifted leader is a most valuable posses-



to the square mile against our 26, England's 340, and Belgium's 590, but they are for the most part of excellent stock, the same stock, in fact, as ourselves, the good old Anglo-Saxon with English predominant, Scotch next, and Irish third,—one of the most homogeneous blends of the world's best blood to be found on earth. The foreigners are too few to color the strain, and the Maoris are too weak to have any controlling influence on the course of events or the institutions of the Colony. It is an Anglo-Saxon civilization, and its political and economic experiments are Anglo-Saxon experiments.

The following table shows the white population and the rapidly-diminishing significance of the brown and yellow people:

	Persons of European descent	Average annual rate of increase	Maoris	Chinese
1840 .....	2,000		60,000	
1853.....	32,000	115%		
1861.....	99,000	26.		
1871 .....	256,000	15.8	46,000	5,004
1881.....	489,933	9.	42,000	4,444
1901.....	772,791	2.3	43,101	2,857
1902.....	792,000	2.5		2,857

A few half-castes, or mixed European and native population living among the Maoris are included in the first and also in the third columns. The total population at the last census, March, 1901, was 815,820.

The total population now, April, 1903, is about 850,000. The present rate of increase is not high. Immigration from Europe is discouraged by distance and cost, and immigration from Asia is practically prohibited by law. The people do not marry very early in life, which helps to make the birth-rate low, and may have some relation to the fact that the death-rate is also very low. From 1890 to 1901 the number of marriages among the whites each year rose from 6 to nearly 8 per thousand of population, while the number of births per thousand fell from  $29\frac{1}{2}$  to  $25\frac{1}{3}$ . All authorities agree that the decrease in the size of families is due to the resolve of an educated people to maintain a high standard of health and comfort. In a healthy country and among a prosperous people a low birth-rate is a sign of the highest wisdom. The Merry Age of England followed the elimination of surplus population by the plague. The Black Death was a cruel adjuster. But intelligence will



#### A MAORI MAIDEN.

Many Maori women make their own flax garments as they did in the old days. Buying and selling were unknown to the natives till the whites came, so the women could not waste their time shopping (there was, however, a rude sort of barter through the exchange of gifts regulated by strict etiquette). The natives dyed their dresses prettily, being fond of bright colors, especially red and white. Many of the maniles were quaintly beautiful besides being warm and waterproof.

The Maoris are very musical, and the women sing their babies to sleep. The missionaries found they had over a thousand poetical pieces with a separate tune for each, tho they were without any knowledge of writing.

An English boy who was captured and kept by the Maoris three-quarters of a century ago, was made a chief when he grew up and advised to take two or three wives. Sixty women were brought to him for a choice, but he did not like any of them and married two handsome, good tempered sisters, the daughters of a friendly chief. It is said that the girl in this picture resembles the younger of this Englishman's wives. The story of this captive, Rutherford, must, however, be taken with several grains of salt, for his imagination appears to have been more vigorous than his love of truth.

find a way to bring and keep the Merry Age of the Earth by getting the growth of population in tune with the progress toward perfecting the conditions of existence, and sending out invitations to the unborn with some regard to the probable comfort of the guests when they arrive.

Children are well cared for. New Zealand education is free, universal and compulsory. A little larger proportion of children is in school than with us, and illiteracy is less. Aside from the Maoris practically all the people over 12 years of age can read and write, a good common school education is the rule, and higher education is very general. Religion is not compulsory, but appears to be practically universal, or at least its profession is,—96 per cent of the population is put down as belonging to some religious denomination, 81 per cent Protestant, 14 per cent Catholic, nearly 1 per cent Jews, Buddhists, Spiritualists (339), and Mormons (206), half of 1 per cent no denomination, a quarter of 1 per cent unspecified, a little over 2 per cent object to stating their religion, and a little less than 1 per cent are known to be unreligious. In the United States about  $\frac{1}{3}$  of the people are members of some church, 30 per cent of these being Catholic. The basis of classification is evidently wider in New Zealand than with us.

Morality and intelligence are both very high. There is nowhere a people more kindly or with a deeper sense of justice. They are law abiding, industrious, independent, prudent, prosperous, temperate, tolerant, and openminded, and their energy and public spirit are superb.

The vigor, self-reliance, and initiative of the New Zealanders astonish their visitors. Those who imagine that public ownership and State activity blight these qualities must find New Zealand a paradox. Nowhere are the functions of Government wider, and nowhere are self-reliance and individual initiative more remarkably developed. The working classes look constantly to the State for assistance in various forms, yet they do more for themselves, and make better provision for the future in life insurance, bank deposits, etc., than the workers of any other country.<sup>2</sup> The explanation is easy. The Government in New Zealand is not a Paternalism but a Fraternalism. Government help is self-help, the partners using the firm to do their work. And Government activity is the concensus, or

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<sup>2</sup> See Part III, Civilization Tables.

resultant of individual activities; one manifestation of individual initiative; self-reliance in compound or coöperative form.

The criminal record per thousand of population is low; lower than in England, France, Germany, or the United States, and only half what it is in some of the Australian Colonies, New South Wales, for example. The number of persons in prison per thousand inhabitants is less than half what it is in the United States. Illegitimate births are few. The ratio of drunkenness is light. The per capita consumption of alcoholic stimulants is much less than in any of the Australian states except Tasmania and South Australia, and less than half the average consumption in this country. The Colony is distinctly and increasingly sober.

The civic virtue of the people is shown by the honesty of the Government and the wise and hearty interest the citizens take in public affairs. Chief Justice Stout says, "So far our State has been free from corruption of any kind." And again, "There is a tolerance of opinions and there is an altruism and a growing civic conscience clearly manifest." Years ago Bishop Selwyn said that political corruption had never existed in New Zealand. And recent authorities thoroly familiar with the Colony confirm the statement and bring it down to date.

Reeves declares "There is no political corruption." And Walker says: "Personal corruption I am confident does not exist. . . . The general political tone is healthy, and is stimulated in all the provinces by a high-class press, which uses its great influence in a conscientious manner." Mr. Sydney Webb, the English Fabian, who carefully inquired four years ago into the politics of New Zealand and Australia, gives his impressions as follows, using "Australia" to represent all the colonies:

"In politics Australia is emphatically un-American. American municipal government, for example, is unspeakably corrupt—worse, far worse than is commonly reported. Australian municipal government, tho far behind our own in efficiency, is as pure as that of the purest English city. The same personal integrity runs through all Australian politics. Australian civil servants are as honest as our own. Australian Premiers all die poor. Australian Legislatures, imperfect as they are in many ways, are absolutely un-American in this respect. . . . No personal dishonesty, bribery, or malversation is so much as alleged. It never occurs, even to the most prejudiced squatter (wealthy land-

owner), to assume that the politician he is denouncing is taking bribes from a tramway company or selling concessions to the highest bidder—practises that are (were) unfortunately common in Chicago or New York. The worst that Australian fashionable society finds to say about its enemy, the politician, is that he ‘panders to the Labor vote,’ and that he gets railways and water-works made in his own constituency, instead of, as in the old days, making things pleasant for the squatters, and arranging the public works as the squatters desired. Of rotation in office and the domination of the ‘party machine,’ of ‘boss-rule’ and ‘spoils to the victors,’ in the American sense, there is, from one end of Australia to the other, not a trace or a symptom.”

As we have seen in an earlier chapter, the United States



A MAORI HUT, 1830.

*The primitive Maori hut was built of reeds or long poles, tied or woven with long stout grass leaves. A chimney was a luxury unknown to the Maori builders, and they seemed unable to imagine the possibility of more than one door and one window per house, or more than one room under a single roof. Even the largest tribal meeting house had only one door and one window. The floor was usually sunk below the ground and the inmates slept (when they slept indoors) with their feet to the center and their heads toward the walls.*

*There were no pictures on the walls; no books or magazines or even newspapers, well fitted tho some of them are for such an abode; no lamps, stoves, dishes, knives or forks; no chairs, sofas or beds; no curtains or carpets; no water faucets; no radiators; no gas jets or electric bulbs; no telephone with which to call up the medicine man or send word to a neighboring friendly chief for help to repel an attack.*

*Some of the better houses, especially those built after the white settlers came, were constructed of wood, and were large, strong and finely carved. In the Wellington Museum there is a Maori house of this sort built in 1842, which is 43 feet long and 18 feet wide. The roof is 12 feet from the floor and 32 figures are carved in totara wood on the sides of the house to represent the noted ancestors of the tribe.*

Consul reports to Washington that New Zealand “is more truly democratic than any other country in the world.” Civic spirit is vigorous and acts on a high plane. Voting is regarded not merely as a right, but as a duty, and not only a moral duty but

a legal duty, the exercise of which is made compulsory.<sup>3</sup> The Government is not regarded as the enemy or even as the guardian of the people, but as their friendly, wise, and trusty servant. An Irish immigrant just landed in New York, when asked if he were a Democrat or a Republican, replied, "Oi dunno fwhat is a dimecrat or raypooblican, but oi'm agin the Gov'ment." The people of New Zealand own their Government and therefore do not need to be "agin it."

Social life is as democratic as political life. The American



A MODEST MODERN HOME.

*A comparison of life in a good modern home, such as may be found in any residence district of the Commonwealth, with primitive life in an old-time Maori hut, affords a vivid realization of the progress of civilization. You find a clean and comfortable bed in a warm, well-ventilated and prettily-furnished room, in place of a wallow in the earthen floor of a cold, unventilated, totally unfurnished den. Plenty of windows to admit daylight, and at night gas or electric lights or kerosene lamps, in place of the absolute darkness by night and the dim light by day of the old wooden cell, with its practically windowless walls, shutting out not only the light of the moon and stars, but even the sun's rays almost wholly. Each guest may have a separate room; a library, a music corner with its piano or organ, a kitchen, a dining-room, and a bath-room, offer services that seem practically indispensable now, yet the Maori hut was guiltless of all such appurtenances, which, I presume, their priests and sages would have regarded as superfluous frivolities. Best of all, the dweller in the modern New Zealand home is not threatened with ruin by neighborhood war. Yet in one vital point the old Maori was ahead—he had the whole community back of him to secure him against industrial want.*

Review of Reviews, vol. 13, p. 81, quotes the following from a prominent New Zealander:

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<sup>3</sup> Under penalty of forfeiture of franchise at the following election. As noted in the first part of this book, if a person does not vote, his or her name is crossed from the register, and unless a good excuse can be shown, the delinquent loses his vote at the next election.

"While I write these words, the fan and gloves of our 'general servant' are lying on the kitchen dresser. She is an excellent servant, and the dresser is a very clean one. She is going out to-night in full evening costume to the Boating Club ball. This club is composed chiefly of young workingmen. Her invitation comes from the Captain, a well-known barrister, the secretary and treasurer, who will introduce her to plenty of partners, all in swallow-tail coats! I anticipate that her program will be filled up at once. She will meet there and may dance in the same set with the daughters of the Premier of New Zealand and other notable personages."

The people are fond of athletics and other sports, yet they are readers and have taste in literature. All the best English and American books and magazines are to be found in their libraries and homes. The North American Review, the Atlantic, the Arena, Forum, Harpers, McClures, Cosmopolitan, Century, Scribners, etc., are much read in New Zealand families, and Lowell, James, Holmes, Clemens, Howells, Emerson, Parker, Hawthorne, Whitman, etc., are among the favorite authors. The press is dignified and able like the English, after which it is patterned. There is, however, an overearnestness in discussion, both oral and written, which is thought by some to be the greatest fault of the New Zealanders. As in America also there is too much of the spirit that is not kind nor even fair to those who differ radically in their views. "The New Zealanders are like Americans in their severity on persons who criticize them, and in the savage literary criticism that makes a sort of football sport of every new author's production."<sup>4</sup>

The people are healthy and long-lived. The death rate is less than 10 (9.6) in a thousand. No other nation has so low a rate. As insurance companies know, the expectation of life is higher than in Europe or America and the difference is specially marked among the working classes. The average worker in England is as old at sixty as the New Zealand laborer at sixty-five, or seventy. Some of the most pestiferous diseases that afflict other countries are unknown in New Zealand.<sup>5</sup> The climate is healthful and the burdens and cares of

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<sup>4</sup> Atlantic Monthly, vol. 86, p. 520, 1900.

<sup>5</sup> Smallpox and typhoid, for example; see statement by Sir Robert Stout in Open Court, vol. II. He also says there is no disease among the cattle, sheep, or horses, J. Statis. Soc., vol. 55, p. 388. Later reports from the Department of Agriculture show that tuberculosis has gained a slight hold among the cattle.

life are less than in most countries, thanks to the Liberal institutions.

The women are robust, wholesome, home-loving, intelligent, public spirited. "In a land where millionaires are unknown and paupers few; where towns are as loosely spread amongst gardens and plantations as the most scattered English villages; where  $\frac{3}{4}$  of a million Colonists, nearly all of British origin, are sprinkled at the rate of seven to the square mile among sublime mountains and pleasant valleys in the healthiest climate in the world, it would be odd if Englishwomen were anything but a wholesome, home-loving race."<sup>6</sup> Travelers are specially charmed with the pretty mill girls who ride to their work on bicycles. Mr. Carpenter says:

"The Islands are full of pretty girls, and they look more like the women of England and Scotland than the tall 'cornstalk maidens' of Australia. The average of intelligence is very high, and in manners and dress they will compare favorably with the girls of the United States or Europe. They are thoroly up to date as to public matters. They discuss the political issues with each other and with the men, and they are quite as beclubbed as the women of the United States. Every town has its Shakespeare Club, and its Woman's Temperance Society. There are golf clubs and croquet clubs, and, in fact, all the organizations to which the 20th Century woman is so glad to belong."

How much later in life the women marry than with us, and how much larger a proportion of them get married sometime than is the case here, will be seen by the following table of comparisons:

Per Cent of Women Without Husbands

	Age 20 to 25	Age 25 to 30	Age 30 to 45	Age 45 to 55
New Zealand, 1891.....	70%	35	15	18
United States, 1890.....	53	28	20	26

It is to be doubted whether so large a deficit of marriage from 20 to 25 is a good thing, but the small per cent of failures in later years is certainly encouraging. And both these facts display the prudence of the people—prudent in delay, prudent in ultimate success. The same trait is further illustrated by the fact that New Zealand has the highest per capita bank deposits in the world, and the highest life insurance per head next to the United States.

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<sup>6</sup> *Saturday Review*, vol. 87, 1899, p. 329.



The leading industries are agriculture and grazing, the mining, manufactures and commerce receive a good share of attention. New Zealand is a great wool and meat producing country, with valuable timber and mines, and plenty of water power. The occupations of the people are shown in the following table. Eighteen per cent of the breadwinners in New Zealand are females and 18.3 per cent in the United States.

Occupations of the People

	New Zealand	United States	
Total breadwinners . . . . .	40%	38%	Per cent of total population
Agriculture, grazing, fishing, and mining . . . . .	36%	37%	} Per cent of total breadwinners
Industrial (manuftrs, bldg, &c.) . . . . .	27	24	
Commercial (trade and transportation) . . . . .	22	16	
Domestic and personal . . . . .	9	19	
Professional . . . . .	6	4	

On the whole there is a remarkable parallelism between the two countries, but there is an interesting difference in the high percentage in professional life in New Zealand, and the small percentage in domestic and personal service as compared with this country. Teachers and ministers are numerous, while domestic servants are not plentiful, partly because so many women do their own housework, and partly because the girls prefer to work in stores and offices and mills where they can be more independent and have more time they can call their own.

We must not fail to note a still more important contrast in and underneath this table. A larger proportion of the people are engaged in useful labor in New Zealand; there are fewer loafers and parasites—a fact which would be still more marked if the figures included the women workers in the homes; and the average income per inhabitant is larger in New Zealand, altho our day's work is 25 to 50 per cent longer than theirs. Our working classes labor collectively something like 12,000,000,000 hours more per year than if we had New Zealand's 8-hour day, and get on the average less for their year's work than on the New Zealand basis.



TE WAIAROA. HENARE KAIHAU, M. H. R. HON. JAMES CARROLL, M. H. R.  
PREMIER SEDDON. MAHUTA (The Maori "King").

#### FOUR MAORIS AND THE PREMIER.

("M. H. R." means Member of House of Representatives.)

*This picture presents the earliest, the middle, and the latest epochs. Sixty-five years ago the Maoris, who outnumbered the whites 30 to 1, and were in possession of the islands, were ferocious cannibals. In 1857 Te Waharoa, "the king-maker," united a number of native tribes under a Maori king to resist any further absorption of land by the whites. A few years ago (1892), under the genial influence of Minister Seddon, the king renounced his sovereignty and submitted himself and his subjects to the New Zealand Government; and this year (1903) the present "King" has become a member of the Cabinet of Premier Seddon, who represents the latest epoch of New Zealand life, and is himself one of the principal makers of this epoch.*

Now and then an article appears in some New Zealand newspaper advocating an 8-hour law for house servants, but at present the hours are longer than those of the store and factory girls, altho the servant has a half-holiday each week in addition to Sunday afternoon, and as a usual thing, every other Sunday off. There are two classes of domestics: "lady helps" and "generals." The general servant corresponds to our hired girl; she is called "general" for short, and as her commanding disposition and omnipotent sway are none the less prevalent over the sea than with us, she is fairly entitled to the term. The lady help does the same work as the general; cooks, sweeps, makes the beds, washes and irons, etc., but she sits at table with the family and is treated as a companion, and for the sake of this social equality she works for less wages than the general, about one-third less as a rule, tho some receive only \$1.25 a week, while the general gets \$2 50 to \$4.

New Zealand is not a highly citified country. In fact it is the most decentralized of the colonies. Only four towns run up to 50,000 or anywhere near it. Yet 230,000 people, or more than a fourth of the population, live in those four cities including their suburbs. In England 62 per cent, and in Massachusetts 66 per cent, of the people live in cities of 10,000 or more inhabitants. In New Zealand less than  $\frac{1}{3}$  of the people live in cities or towns of 10,000 inhabitants, and over half the people are in the country. There are congested districts in some of the cities, but no such slums as we have evolved.

The prosperity of the people is very high the way the things go on this planet. The efficiency of labor, or the product per worker,<sup>7</sup> is greater than in any other country except the United States. And the per capita wealth, income and expenditure is greater in New Zealand than in any other country whatever.<sup>8</sup>

<sup>7</sup> See Appendix, New Zealand's Place among the Nations.

<sup>8</sup> The following table, made up from data derived from the highest authorities, tells the story. The wealth of New Zealand per inhabitant is \$1,500 net after subtracting her debt.

	Net wealth per inhabitant	Average annual income per inhabitant	Average annual expenditure per inhabitant
New Zealand .....	\$1,500	\$220	\$176
Australia .....	1,350	215	170
United States .....	1,300	210	165
United Kingdom .....	1,400	180	150
France .....	1,300	155	120
Denmark .....	1,150	...	105
Holland .....	1,080	115	105
Belgium .....	830	135	125
Switzerland .....	850	110	90
Germany .....	800	110	100
Austria .....	525	90	70
Italy .....	520	70	55
Russia in Europe .....	300	50	46

Not only is wealth more prevalent and income larger in New Zealand than elsewhere, but wealth is better diffused than in other countries. And the laws and institutions are framed on purpose to secure a still greater equalization of wealth. Paupers are very few, and dire want does not exist. Perhaps one per cent of the population depends more or less on public or private charity according to Mr. Reeves' estimate. There is no aristocracy and millionaires are so scarce and unobtrusive that their existence is disputed. Multi-millionaires, at least with any emphasis on the multi, are certainly not to be found in New Zealand.

Mr. Reeves says: "Without an aristocracy, without a plutocracy (of any size or intensity), without a solitary millionaire, New Zealand is also virtually without the hereditary pauper. It may be doubted whether she has a dozen citizens with more than £10,000 (\$50,000) a year apiece."<sup>9</sup> Mr. Reeves uses the word millionaire in the English sense to designate a person worth a million pounds, but in the following passage from the American Consul in the American Review of Reviews,<sup>10</sup> the word is presumably used in the American sense. "There is a general diffusion of wealth, no great poverty, and not a single millionaire as far as I know."<sup>11</sup>

The people are determined their industrial life shall be as free from monopoly and oppression as their political life. They will have their institutions as genial as the sunshine that comes to all alike, and not less just or equal than the climate which indulges only in the variations needful for the best and fullest of life.

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<sup>9</sup> Pp. 406-7, Long White Cloud, 1898.

<sup>10</sup> Vol. 13, 1896, p. 81.

<sup>11</sup> The answer given, by New Zealanders to my questions on this point differ widely. I have been told with considerable positiveness that there is no one in the Colony worth \$1,000,000. A prominent member of Parliament has been quoted as saying he does not know of any one worth even \$500,000. But the statistics of the land and tax departments hardly agree with this. In reply to my question, Mr. Reeves said he was "disposed to contradict the statement that there is no one in New Zealand worth a million dollars. I should not, however," he added, "think there is any one worth more than 3 million dollars at the outside."



## CHAPTER 79.

### CAUSES AND CONDITIONS.

Both the physical factors and the human factors that have contributed to the upward movement in New Zealand, must be considered if we would arrive at a true conception of the sources of her development. The physical factors, however—climate, soil, etc.—are to be regarded as conditions rather than active causes of progress. If New Zealand had been at the pole, or under the equator, it is not probable that the world would now be looking to her as one of its leaders in political science. The work could not have been done except under reasonable physical conditions, but it does not follow that the physical conditions caused the advance. An orator could not make a speech in Congress, I presume, without a suit of clothes; but it does not follow that the suit of clothes makes the speech, altho a suit of clothes might make as good a speech as some of those reported in the Congressional Record.

This distinction between conditions and causes needs to be emphasized, because there is a tendency to overestimate the effect of physical elements in the development of nations. For example, I find one of our best and most popular writers saying:

"The secret of the democratic efflorescence of Australasia is the same as that of the new vigor shown there by European plants and animals. The wonderful propagative power of democratic ideas in Australasia is a fact of the same order as the miraculous multiplication of the European sweetbriar and rabbits introduced there."

We might as well say that the eruption of democratic ideas in New Zealand is a fact of the same order as the eruptions of the volcanoes in the North Island; or that the mobility of laws and institutions is a fact of the same kind as the mobility of the ground in the earthquake region; and the secret of the

progressive energy of the new democracy is the same as that of the vigor of the boiling springs and waterspouts of the geyser region.

The fact is, that there is no necessary relation between either vigorous vegetation or subterranean activity and the development of democratic institutions or mental phenomena of any kind. Naples lies close to Vesuvius, the vigorous mountain and magnificent bay are always in sight, and the grass grows green



WAIKITE GEYSER.

*In New Zealand's Great National Park in the North Island, the  
Yellowstone of the South Pacific.*

*We have still more energetic geysers in America, but our industrio-political  
development in the interest of the common people is not so rigorous as the move-  
ment in New Zealand.*

all the year round, but 89 per cent of the people are illiterate and intellectually insolvent, while Milan with no volcano or charming bay, and far inferior vegetation, has only 8 per cent of illiteracy and is the best city in Italy. In tropical countries vegetation is still more luxuriant than in New Zealand, but democracy and civilization do not flourish. In New England, on the other hand, where vegetation does not thrive nearly so

well, men thrive excellently. Ideas grow best many times where trees and flowers do not find the best conditions for development. The Reformation did not start in a land of prolific vegetation. The movement for the abolition of slavery did not begin in the garden spot of America.

Nevertheless, we must not neglect the physical factors, for, tho they are *not the active causes* of social progress, they have a share more or less important in making up the *conditions* of development.

#### PHYSICAL FACTORS.

(1) There is no doubt that New Zealand owes much to her isolation. Like America, she has had the advantage of being far enough from Europe to develop in her own way without serious interference from the Old World. England owes her greatness in part to the channel which separates her from the continent; and New Zealand's isolation is far greater than either that of England or America. She is in no danger of such domination as Ireland has experienced. She is far enough from England to be free, and her shores are separated from those of Australia by 1,200 miles of stormy sea. Her isolation, however, has had some disadvantages as well as benefits. The civilization of other peoples cannot come to her so well from over the vast ocean. And multiplex commerce and national intercourse are educators not to be despised.

(2) The size of the country has been an element of advantage. It is not so small as to lack resources nor so large as to be unwieldy. A country twice the size of New England can get together on a given proposition more easily than a country thirty times as large, but the element of moderate size, while facilitating progress in some respects, is by no means to be regarded as a cause of progress. Cuba is of moderate size, but she has not evolved old-age pensions nor industrial arbitration. The Philippine Islands have about the same area as New Zealand, but do not take high rank in the lists of progress. Italy also has substantially the same area as New Zealand, yet she is one of the most backward nations of Europe. On the other hand, Russia and the United States are two of the largest countries, each with about three million square miles, and one is in many respects the leading nation of the

world, while the other is almost at the bottom of the list of European countries.<sup>1</sup>

In comparing the United States with New Zealand in respect to size it must be remembered further, that most of our States are much smaller than New Zealand, and have full sovereignty to do many of the things New Zealand has done. None of the Eastern or Middle States can plead extensiveness in excuse or mitigation. If compactness were the important fact, Rhode Island should lead the procession.

(3) New Zealand rests in the heart of one of the civilization belts, or climatic zones in which all civilizations of high type have been evolved. Buckle, in his famous "History of Civilization in England," points out the fact that if a series of isothermal lines, or lines connecting places having the same mean annual temperature, are drawn around the earth, it will be found that every great civilization of the past and present, Greece, Rome, Carthage, Egypt, Venetia, Babylonia, Persia, Europe and America, has been developed within the isothermal lines of  $41^{\circ}$  and  $77^{\circ}$ . In the Northern Hemisphere these isotherms inclose the United States, the seat of power in Canada and Mexico, Great Britain, France, Switzerland, Belgium, Holland, Denmark, Germany, Austria, Spain, Portugal, Italy, Greece, the best part of Norway, Sweden and Russia, Upper Egypt, Northern India, China and Japan. In the Southern Hemisphere the same climatic lines include Australia, New Zealand, South Africa, and the best part of South America. New Zealand is right in the heart of this civilization belt; she lies almost entirely between the isotherms of  $50^{\circ}$  and  $60^{\circ}$ , the same that inclose New York, Washington, Cleveland, St. Louis, Denver, Portland, Seattle and San Francisco, London, Paris, Berne and Vienna.

(4) The climate of New Zealand is similar to that of the middle section of our country. The mean annual temperature of the Northern Island is  $57^{\circ}$ , of the Middle Island  $52^{\circ}$ , of New York and London  $51^{\circ}$ . Wellington, the capital of New Zealand, about midway in the Colony from north to south, is in the same latitude as New York City,  $41^{\circ}$ , while Boston is a little over  $42^{\circ}$  and Washington  $39^{\circ}$ . But the mean annual temperature of Boston is  $48^{\circ}$ , New York  $51^{\circ}$ , Chicago  $37^{\circ}$ ,

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<sup>1</sup> See Part III, *Civilization Tables*.



and Denver  $48^{\circ}$ ; while the mean temperature of Wellington is  $55^{\circ}$ , the same as that of Washington, St. Louis and San Francisco. These comparisons, however, do not tell all the truth, for the climate of New Zealand is more equable than that of places in Europe and America having the same mean temperature. For example, the excitable thermometer in Washington climbs up to  $104^{\circ}$  and down to minus  $15^{\circ}$ ; while the even-tempered instrument in Wellington is satisfied with the range from  $80^{\circ}$  to  $33^{\circ}$ — $47^{\circ}$  of variation in their capital against  $119^{\circ}$  in ours,  $106^{\circ}$  in New York City,  $114^{\circ}$  in Boston,  $126^{\circ}$  in Chicago, and  $145^{\circ}$  in Minneapolis and St. Paul. The cold months in New Zealand are warmer than with us, and the warm months cooler.

The trees, as a rule, do not lose their leaves the year round. It is an evergreen land, cool and bracing, but not cold. A land of sun and showers, deep forests, broad fields and snowy mountains without severe cold or burdensome heat. The cattle camp out with comfort all the year round, and farmers can raise two crops a year if they exercise care in the combination.

(5) New Zealand has a soil of great fertility in parts of the agricultural districts. A farmer will frequently dig eight to ten tons of potatoes per acre, and raise a crop of wheat, oats, barley, beans, or peas, on the same land afterwards. Forty to sixty bushels of wheat<sup>2</sup> and fifty to eighty bushels of corn per acre, are raised in the more fertile parts of the Islands. Farmers have been known to pay for their farms with the profits of a single year. With potatoes at ten to

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<sup>2</sup> New Zealanders have told me of cases where as much as 95 bushels of wheat per acre have been obtained, but I have not found such figures in the official records, and while I have no reason to doubt the sincerity of my informants, it seemed best to keep to official data in the text, for both sides must be treated alike, and if I began to take oral testimony in this country, there is no telling how fertile the ground would become. Fertility stories in rival districts grow faster than the crops. I remember some interesting melon statistics brought out in a discussion in Texas. Each man tried to make out his county was the best, till finally a big farmer said: "Up in Cameron County Bill Blazer bought a farm and went into the melon business. He planted the fields and cultivated 'em with care, but he didn't git no melons off that farm. No, sir, he hadn't calc'lated on the exceedin' fertility of Cameron County. Them vines got along all right till they were 'bout as thick as your wrist, then they grew so fast lengthwise they dragged the young melons over the ground till they wore 'em out, plum wore 'em to a frazzle. Some on 'em got knocked against stumps and busted as the vines went by, and some of the likeliest was ruined by the vines climbin' a fence one night and droppin' the me'ons ker plunk on the other side. Then Bill give up. The ground up thar is so blame fertile ye can't raise nuthin' on it."

twenty-five dollars, and sometimes forty dollars a ton, and wheat at sixty cents a bushel, a farmer raising wheat at a cost of ten dollars an acre and potatoes at twenty-five dollars an acre, can pay any reasonable charge for getting his produce to market<sup>3</sup> and still realize an excellent profit on his land.

All this, however, is no better than, nor so good as, the results that are frequently obtained in our agricultural States. The United States Department of Agriculture and various State Boards have furnished me with numerous figures of wheat yields of from 40 to 65 bushels per acre, and the corn records run up to 120, 215 and even 239 bushels per acre. The fertility of New Zealand cannot surpass the fertility of Iowa or other States of the Mississippi Valley.<sup>4</sup> And even if the vigor of New Zealand air and soil were without equal in the world, it would still be dangerous, as we have seen, to infer a causative relation between such facts and the political developments of recent years. Switzerland is not noted for her fertility, but the contrary; yet the "democratic efflorescence" of Switzerland, tho taking a different form, is equal to that of the New Zealand democracy. Moreover, when her rich men had 5 votes and her poor men none, and her people were under the heel of one of the worst land monopolies in the world, New Zealand's soil was just as fertile and her air and climate just as fine as is now the case when she has the most liberal government on earth. It is clear that we must look for the active causes of her political progress somewhere else than in her soil and climate and other physical conditions.

#### THE HUMAN FACTORS.

Let us turn now to the human factors—the people and their institutions and ideals.

(1) The homogeneity of the population is a decided advantage, but not essential, as is shown by the history of Switzer-

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<sup>3</sup> The transportation charge paid by the farmer in New Zealand is not only reasonable, but practically down to the level of cost and sometimes below it. The farmers' profits largely depend on the fact that they own the railways.

<sup>4</sup> The American Consul in his report from New Zealand (U. S. Consular Reps., Vol. 53, 1897, p. 1) remarks that "If a man has money, he can find better land, more accessible to market, and much richer and more easily cultivated in the United States than he can here." It would seem quite clear that New Zealand cannot claim first place in the agricultural list, but as a grazing country she appears to hold the world record. "Her pastoral land supports the greatest number of sheep and cattle to the acre,"

land, which has made most remarkable progress with one of the most decided medleys of population in existence.

(2) A more important element is the newness of the Colony. New Zealand, like America, had a fresh start, free from the tyranny of the past, so far as is possible to such offshoots of older civilizations. The colonists going from the British Isles carried with them the ideas and institutions of their former home, and transmitted them to some extent to their posterity. But the younger generations, born in the new country and growing up free from the pressure of the customs and institutions, vested rights and "vested ruts" of the old world, became a freer and more independent people than their fathers. Tradition alone cannot do the work that was done by tradition plus all the rest of the environment in the old home. Important as their freedom is, however, it is not essential to progress, else England and France, Switzerland, Germany, etc., could never have lifted themselves out of the dark ages.

(3) The character of the people must be noted in any effort to deal with the causes of the progressive phenomena of New Zealand. As we have seen, the people are of excellent stock and well educated. The selection of immigrants under Wakefield's plan of colonization was of great advantage in the early days, no influx from low-grade populations has come, or would be allowed to come; and the people maintain a high average. They show a high degree of ability to act together for a common purpose, which is one of the principal marks of civilization. This coöperative spirit is especially manifest in politics, which is one of the leading industries of New Zealand. The farmers and workingmen, instead of organizing separate parties or emphasizing their differences in any way, have come together for the things they both want, and have united to elect a Government that would do the fair thing by both interests. The New Zealander is a political animal. He thinks of nearly all his problems in terms of political powers and possibilities. He regards the Government as his

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says the Westminster Review, Vol. 144, p. 633, and Sir Robert Stout declares that "the number of cattle and sheep that can be maintained compared with the acreage far exceeds that of any other country in the world." (J. Statistical Soc., 49, 567). The reason New Zealand takes highest rank in this department of industry is largely climatic. Grass grows all the year round. In many districts there is no frost or cold requiring the cattle or sheep to be housed. Water is everywhere, and there are no droughts.

agent to do whatever he may see fit to ask it to undertake for his benefit.

Money has less influence on the people than in the Old World or in the United States. There is no Wall street, no parasitic class of stock speculators and trust manipulators, scheming to drain the wealth of the farms and capture the earnings of the producing classes, overshadowing and controlling governments, dazzling society with the display of their riches, and perverting the ideals of youth from social service to commercial conquest. There are some trusts, but they do not control the situation.

The wealth, industry, prudence, foresight and sympathy of the people have already been noted. Their whole history is a proof that energy is a prime characteristic. A further characteristic of the people is the large proportion of their vitality that goes to constructive activities. Nations differ greatly in the way they divide their vital energies between their atomic or molecular life, and the constructive work they do, either physical or mental. The ordinary Italian or German peasant will do but a fraction of the work that an ordinary American workman will accomplish, because the Italian and German spends so large a part of his vitality in sipping wine or beer, and in other gastronomic and somnolent performances. He lives too largely for molecular blisses to do the strong work in the world that the American or New Zealander performs.

Open-mindedness is another valuable characteristic of the people and their leaders. England established postal savings banks and New Zealand almost immediately followed her example. Australia perfected the ballot and New Zealand at once adopted the new invention. The land transfer system was also adopted from Australia, and much of the labor legislation is modeled after English and American statutes. In fact, New Zealand statesmen have ransacked the world for suggestions as to the best means of solving the problems of the people. The old-age pension law is an adoption of and improvement upon the Danish system, and even the arbitration act is based on previous work done in France, England and Massachusetts, tho the improvements are so great in this case as to make the act substantially a new creation. The New Zealanders have taken many ideas from America; in fact they have a great admiration for all things American except our political

machines, our private monopolies, and our labor conflicts. Even Italy has contributed to New Zealand's progress. Some years ago the Milanese correspondent of a New York paper described the manner in which public works were sometimes carried on in Italy by workmen organized in coöperative groups. New Zealand journalists reproduced the gist of the article and suggested the application of the method in New Zealand. Alert and sympathetic statesmen took up the suggestion and put it in practise. Public sentiment backed them up, and coöperative employment has become the established policy of the Government. In many other instances the Colony has manifested the same readiness to accept suggestions and act upon them. This quality of open-mindedness is one of the prime secrets of progress, whether in an individual or a nation.

Even a country of very inferior resources and creative power, that could not independently achieve the progress New Zealand has accomplished, may easily follow in her footsteps if it possesses receptivity. A nation with a physical or mental disability for invention or organization, material, scientific, literary, political or social, may nevertheless make rapid progress if she has sense enough to know a good thing when she sees it, and adopt it; and even the best peoples owe much of their civilization to the same process. Nearly every country in Europe has adopted England's postal banks, and coöperative stores; and more or less of her ideas of liberty and self-government, either directly or from the improved American edition. Every country in the civilized world, including even the United States, has adopted England's steam engine, and her railway, and her Shakespeare, and much of her science and philosophy; let us give old England her due; she has done a great deal for the world, and the world has acknowledged the obligation by the finest of all compliments, voluntary imitation. In science, literature and art, several nations of Europe have a long lead of America and Australasia. They have given their best energies to those pursuits, while the latter have devoted their best attention to industrial enterprise and political development. Let each take from the others what it needs for the truest, fullest, most symmetrical national life, thus virtually forming an international coöperative mutual improvement association, or world-trust for the advancement of civilization.

(4) One of the most vital factors in the development we are considering is an electoral system which permits free play to what may be called the *collective ability* of the people. When men follow their errors, prejudices, and self-interests, they go apart; when they follow truth and the public good, they come together. Men diverge by error and selfishness, and unite by truth and justice. Their unities are much more likely to be right than their differences. Divergence is an indication of error; convergence is evidence of truth and common good. What a million men vote for, acting freely and independently, is likely to be wiser and better and more reliable than the thought and intent of the average individual, or the unchecked thought or intent of any individual whatever.

Notice carefully the clause "acting freely and independently;" that is the key to the situation. If men do not vote freely and independently, but follow the dictates of some political boss or party machine, they forfeit the benefits of the great principle of convergence on the truth, and the mutual cancellation of errors and prejudices, resulting from the free and harmonious action of a multitude of intelligent persons. The boss or machine is as open to error and self-interest as any individual voter; in fact, its dictates are apt to be the concentrated essence of selfishness and error. It is only when the citizens act freely and independently that the great law that men come together on truth and justice can take effect.

These considerations indicate the incalculable importance of New Zealand's system of direct nominations, questioning of candidates, and alphabetic ballots, together with the absence of anything like political bosses or party machines, or even party organization outside of Parliament. Switzerland has attained the same end through the initiative and referendum. All these methods are valuable. The point to which I would direct attention here is that *some* method of securing a free and independent judgment of the people on the merits of candidates or measures presented for their suffrages is absolutely essential to the operation of the great principle we may call the law of collective ability.

No fact looms larger from New Zealand history than that *the development of public institutions favorable to the people's interest is dependent on the development of the people's power over the Government.* In the early years power was in one

man, the Governor, and monopoly grew as fast as the sweetbriar and the rabbits; then an aristocracy of landlords came to the front and controlled affairs to the subordination of the people's interests in great part; till finally an expansion of the suffrage and regulation of the ballot democratized the Government, when the democratization of taxation, finance, land and labor policy, etc., followed in due course.

Progress is an interaction between education and institutions; education in the school, and through the press, the pulpit and the platform, developed by investigation, thought, discussion, and events; institutions created by private or coöperative efforts, or established by law or public action. New light comes to a few; they give it to others; thought and conditions are gradually changed to accord with the new idea; and finally when a large part of the people have taken hold of it, or *it* has taken hold of them, the law is changed, public institutions are molded into harmony with it, the lagging minority are pressed into some conformity to the new advance, and the natures and sentiments of men are transformed into more perfect fitness for further progress. Institutions and statutes are part of the means by which individual improvement achieves further individual improvement and social improvement, and for the efficient operation of this important portion of the machinery of progress the fundamental requisite is that the people should have real control of the Government. Linked with wonderful public progress, we find New Zealand distinguished by the almost unlimited trust placed in the people, and the free use they make of their power.

(5) One of the reasons why New Zealand possesses the excellent methods above referred to, with the freedom from political corruption and party rule that accompanies those methods, lies in the establishment of the merit system of civil service. Wherever the spoils idea prevails, those who are out of office and wish to be in, are likely to form themselves into an organization to capture the government for their private purposes. On the other hand, those who are in office will organize to keep their places. Thus are formed parties and bosses, rings and machines, founded on the control of patronage or the desire to control it. Political corruption and partisan government follow. Civil service, honestly organized on business principles, instead of the spoils idea, is a very important factor in true political development.

(6) Another reason for the absence of political corruption in New Zealand lies in the fact that the great franchise monopolies, railroads, telegraphs, etc., are not left to private ownership and control, but are placed in the hands of the Government under thoro civil-service regulations. When the franchise monopolies are in private hands a large proportion of the richest and most influential men in the community, managers and stockholders in the corporations, have a financial interest in the nomination and election of candidates who are willing to use their offices for private purposes instead of for the public good. They want men who will work for the monopolies instead of for the people, and they favor political methods that will secure the election of such men. But where the great monopolies are public, these same rich and influential men become intensely interested in the election of good men, who will honestly administer these great properties that so intimately affect their lives and business interests. Without private monopoly the rich have nothing to gain and everything to lose by bad government. However much, therefore, they may differ from the common people in other things, they will join with them in the demand for honest and efficient civil service and for the nomination and election of competent and reliable men. Few matters are more important than this contrast between private and public ownership of monopolies in its effect on the interests and civic relations of men of wealth and power.

(7) On the question of individual genius as a factor in the history of new Zealand, we have seen in a previous chapter that the Colony has had no exceptional advantage in this respect. Men of great ability, Grey, Vogel, Fox, Ballance, Reeves, Seddon, etc., have adorned her history, and shown high purpose and force of character as well as intellectual acumen. But she has had no Napoleons of finance or statesmanship; no overwhelming personalities turning the history of a people into the story of an individual genius. Her statesmen have been plain, strong, clear-headed, common-sense, true-hearted men, such as may come to the front in any civilized community. Wm. Pember Reeves, himself one of the ablest of her citizens, in speaking of the people of New Zealand, says:

"Industrious, moral, strong, it is far too soon to complain of this



race because it has not in half a century produced a genius from amongst its scanty numbers. Its mission has not been to do that, but to lay the foundations of a true civilization in two wild and lonely tho beautiful islands. This has been a work calling for solid, rather than brilliant qualities; for a people morally and physically sound and wholesome, and gifted with 'grit' and concentration. . . . No leisured class exists. . . . There are no brilliant talkers, no famous poets, painters or sculptors. These will come in time no doubt, but the business of the pioneer generations has been to turn a bloodstained wilderness into a busy and interesting, a happy, if not yet a splendid, State."

**Not the Result of a Program,**

*But a Series of Practical Efforts to Solve Specific Public Problems.*

(8) One of the chief characteristics of the Liberal movement is that it has been and is an effort to find specific remedies for specific evils, and not an effort to carry into execution any comprehensive plan of social reorganization. Neither the people nor their leaders are much in the habit of theorizing on ultimate political or social forms. They have simply adopted common-sense methods of overcoming the difficulties that confronted them. Unjust taxation, private monopoly of land, capital, and government, the problem of the unemployed, the unfair treatment of labor, the conflicts of employers and employed, etc., have had about the same relation to the development of New Zealand that the problems of algebra and geometry have to the development of the student of mathematics.

New Zealand did not reason out an ideal financial system and then go toward it step by step. She inherited her postal savings banks from Mother England. The policy of Government loans to farmers and others was adopted on business principles to protect the partners in the firm of Government & Co. from having to pay high interest when the firm could borrow at low interest. And public operation of the heart of the ordinary banking system resulted from the discovery in 1894-5 that the principal bank of the Colony was insolvent, and unless the Government took hold it would go under and wreck the industries of the State. Every step has led directly toward an ideal monetary system, but each step was taken under pressure of events, as the common-sense solution of the hour, and not because it was part of a comprehensive financial plan. The virtue of New Zealand is that when the pressure

comes she acts in the direction of common sense and the public good, while other countries under equal or greater pressure often do practically nothing.

As Reeves says:

"The colonists vote for laws to check the speculation in land, or the further selling of Crown lands, not as steps in a socialistic process conducting to State ownership of all land and capital, but because bitter experience has taught them that free trade in land means land monopoly, and that land monopoly congests cities and stops progress. They support compulsory arbitration and other regulating labor laws, not as steps towards placing the instruments of production under State control, but in order that workers may obtain, by peaceful and regular methods, a little more than a living wage, and the barbarism of strike and lockout be abolished. The cheap-money laws are passed, not to begin the abolition of private money lending, but to provide the tillers of the soil with capital at more reasonable rates than the loan company, the lawyer, and the commission agent have hitherto charged him. Progressive taxes are laid on, not as a foretaste of the confiscation of riches, but to make wealth bear its fair share of public burdens, and to stimulate the subdivision of large holdings."<sup>5</sup>

The success of the national railways and postal banks really set the people in the road they are traveling in respect to State ownership of monopolistic and vital public functions, and both these steps were concrete and practical in the highest degree. State railways were established as the best means of opening up and settling the country, and postal banks were copied from England to give the rural districts facilities for saving.

There is an impression in some quarters that New Zealand is heading for some Utopia; that the Liberal advance is part of a socialistic scheme, or a single-tax philosophy, or something of that sort. This is a mistake. Neither the people nor their leaders are Socialists or Single-taxers. The Liberals for the most part repudiate both socialism and the single-tax. There are some Socialists and some Single-taxers in the ranks of the Progressives to whom New Zealand mainly owes her progress, but they constitute only a small per cent and never have been in control nor anywhere near it.

On the other hand, it is clear that the Liberals have much in common with both Socialists and Single-taxers, eat the same sort of food, wear the same sort of clothes, think many

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<sup>5</sup> *State Experiments*, p. 70.

of the same thoughts, and do many things the Socialists and Single-taxers want done and would do if they were in power, but by no means *all* they would do, or at least not all they say they would do—tho it is quite possible that the possession of power would make them as practical and evolutionary as the Liberals are. The admirable thing in New Zealand is that the Liberals are not afraid of a progressive step because it is called socialistic or single-taxy; and that the Socialists and Single-taxers are willing to help the Progressives improve conditions gradually<sup>o</sup> instead of flocking by themselves and insisting that the Progressives must sign the socialist or single-tax creed before they move hand or foot.

When the Liberals became convinced that national ownership and operation of coal mines was needed to check the rapacity of the owners, they established it on its own merits, without reference to any theory and without any intention of nationalizing everything, and the Socialists supported the plan as in agreement with their ideas, glad to get part of what they want, whether they can get it all or not. The Liberals listen to what the Socialists and Single-taxers and all the rest have to say about the problems they have to solve, and take as much of the conglomerate advice as seems sensible and adapted to the case in hand.

There is no doubt that socialist and single-tax literature and thought have had a great deal to do with the course of events in New Zealand in the way of emphasizing existing evils, and indicating the direction in which remedies might be found. If you have a monopoly sore on your foot, a land-speculation and unearned-increment tumor on your arm, and a labor-difficulty eruption on your back, you may listen to the single-tax doctor, who gives voluminous reasons for his faith, that a full application of his land-tax salve will cure all your ail-

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<sup>o</sup> The same is true in Australia; Metin speaks of the rarity of socialistic declarations among the workmen, and their desire simply to secure good conditions for labor. (*Le Socialisme sans Doctrines*, p. 75.) Even the Socialists themselves take a moderate stand. The most vigorous Socialist newspaper in Australia, the *Worker*, whose slashing articles speak for the Queensland Labor Party, says: "We do not ask that all our political program should be set in operation at once by a single Parliament. We know that cannot be, such a thing being contrary to the laws of evolution and that spirit of compromise which is said to be civilization. Because we range ourselves under the flag of 'Socialism in our Time,' we cannot expect to realize a perfect collectivist State in our day any more than the follower of Christ can hope to establish, in his time on earth, peace, good-will toward men."

ments, and you may hold conference also with the Socialist doctor, who declares that his vigorous purgative and constitutional remedy, called "Government ownership of all the means of production and distribution," is the thing you need, and then you may decide to try public ownership for the monopoly sore, a moderate application of the land-tax mixed with other ingredients for the land tumor, and treat the labor eruption with arbitration ointment and coöperative liniment. In such case you may profit greatly from a judicious partial acceptance of the advice of various physicians without adopting the whole philosophy of any one of them. Doctors are apt to overrate the importance of their particular methods and remedies. The wise man is he who listens to all, selects what seems good from each, tests it carefully and relies on it so far as experience and reason lend justification.

The New Zealanders manifest a strong belief in the public ownership of monopolies and vital public services, such as education, banking, credit, insurance, etc., and have gone further than any other people in the extension of the industrial functions of the government, and yet it is a question whether the movement is in any degree socialistic. There are few Socialists in Parliament. The Liberals, as a rule, reject the title, as we have said. So it is clear that the movement is not avowedly socialistic. On the contrary, it is avowedly not socialistic. Whether it is so in fact or not, depends on the way the word socialism is understood. If socialism means "Government ownership of all the means of production and distribution," as is generally supposed, then the New Zealand movement is not socialistic, because there is no socialistic intent behind it. If a Boston man starts for Albany, intending to go on to Chicago, the journey is Chicagoistic; but if he intends to stop at Albany or Rochester, Buffalo or some other point, and does not intend to go to Chicago at all, his journey is not Chicagoistic. That is the way with New Zealand's public ownership movement. It is not part of a plan to attain public ownership of the means of production and distribution in general. On the contrary, wherever voluntary coöperation and organization can meet the case there is a strong tendency to rely upon it, using the power of the Government to foster it by instruction, example, and favorable legislation.

Socialism, as ordinarily defined, stands for only one of the

substitutes or remedies for the evils of the competitive system, while New Zealand stands for three—public ownership, voluntary coöperation, and private enterprise so regulated and coördinated as to conform to coöperative principles.<sup>7</sup> State ownership of railways, telegraphs, mines and other monopolistic enterprises, represent the first principle; coöperative dairies and construction groups illustrate the second; the settlement of small proprietors on farms of their own, and the infusion of justice and harmony into the relations of labor and capital through mandatory arbitration (two of the principal moves of the Progressives, into both of which they have put tremendous effort) are examples of the third principle; and State loans to farmers, etc., to aid their private undertakings, compulsory purchase and division of estates, State merchanting, and the educational system, are compound applications of the first and third principles together. The effort, which forms so strong an element in the Liberal years, to place the people on the soil in homes of their own and with little farms to operate on their own individual account, is not merely not socialistic, it is distinctly anti-socialistic, as socialism is ordinarily understood.

It is only fair to say, however, that many Socialists do not hold the State-ownership-of-all-the-means-of-production-and-distribution philosophy. They want to improve conditions, but wish to do so step by step in practical, common-sense ways, letting ultimate forms of organization take care of themselves. They demand equal rights and opportunities for all, in place of industrial aristocracy, and a share for every worker in the control of any industry in which he may be engaged, in

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<sup>7</sup> This triple character of the Progressive movement in New Zealand and Australia is not well understood in Europe and America. M. Metin writes of state activity in the colonies as *Le Socialisme sans Doctrines*—socialism without dogmas, or socialism without a program—but in truth it is not socialism at all as the word is ordinarily understood, for that involves but one principle, public ownership of all the means of production and distribution, while the movement of the South Pacific involves three coördinate principles of ownership, public ownership, coöperative ownership, and individual ownership, dividing the field among them according to their relative utilities, public ownership taking only those undertakings which clearly must be carried on collectively and which cannot well be managed by voluntary coöperation. New Zealand may reach the socialist state, but if so it will be through a series of practical experiments, resulting in the conviction that even farm-work, manufacturing and commerce can better be carried on as public undertakings than as coöperative enterprises thoroly federated and coördinated with the public operation of monopolies which is the present tendency, and that both private ownership and coöperation are wholly and without exception mistakes that have no place anywhere in the industrial system.

place of the arbitrary domination of industry by a small part of those interested in it. They believe in liberty, partnership, and brotherhood in business, instead of subjection, conflict and oppression; and are willing to use whatever means may seem at any time adapted to aid the desired transformation, whether it be State ownership, municipal ownership, coöperative ownership, individual ownership, governmental reform, regulation, coördination, combination, education, conscience and character building, etc.

They say:

The underlying purpose of socialism is to establish industrial justice, prevent the exploitation of labor, equalize opportunity and all the elements of life that are not dependent on the merit or demerit of the persons affected, abolish the wastes, antagonism, and debasements of competition, develop better methods of production, and secure a fairer distribution of wealth, banish useless and pernicious occupations, idleness and parasitism, elevate the motives and energize the activities of industrial life, shorten hours, improve the conditions of labor, give the workers what they produce and make it impossible for any one to live by speculating in stocks or land or commodities, or get rich in any way by the labor of others without rendering an equivalent service, stop the domination of industry by things, or the ownership of things, and leave its control to useful ideas and abilities and the collective judgment of all concerned, on the principles of partnership and free government and the right of the individual to manage his own life and affairs as he pleases so long as he does not injure society, it being understood that the injury of one is the injury of all—in short, to organize industry on scientific and ethical lines.\*

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\* It might be an excellent thing if all who disapprove present conditions and desire to change them, could unite on some broad principle like that expressed in the text, or if all who agree that a specific step should be taken would unite on that, as the New Zealanders do, without reference to general theories. The extreme demands of socialist organizations have tended to repel the public from mild reforms which are put down in socialist programs along with the call for universal State ownership. Without reference to the dangers of bureaucracy, red-tape and rigidity (which only relate to a low stage of civilization with insufficient development of public spirit and intelligence and the machinery of popular control), it would be unwise and unscientific to organize society throughout on only one of the three principles mentioned in the text, each of which appears to be specially adapted to a particular section of the industrial system. The evils of the present system have been most emphatic in the region of monopoly where there is good reason to believe that public ownership offers the true solution, and the habit of generalizing from a few particulars has led many to think it the universal remedy. State ownership is good, but it is not the only flower in the forest. Water is excellent, but it would not be wise to turn everything into water; land and air are useful now and then as well as water. Much of the literature and philosophy of socialism is alive with the most vital thought of the age; and socialism is a good title too; it is too bad to have it linked with an idea which repels a great many who would otherwise be its friends, and which also not infrequently keeps Socialists from acting with those who do not accept their sweeping manifesto. Whether this reasoning is correct or not, it seems quite clear that men ought not to divide upon ultimates. All who believe in postal savings banks or old-age pensions

This does not require State ownership of all the means of production and distribution. The federation of voluntary coöperative groups will fulfill every item. Even private enterprise may also meet the requirements; the work of an inventor or scientist, for example, or that of a gardener, lecturer, poet, artist, etc., tho controlled by the individual himself, may be in true coöperative spirit and without a trace of competitive struggle or motive if the coöperative nature has been evolved in the worker, and he has received good coöperative training, and the basis of exchange is made to conform to coöperative principles.

When socialism is defined in this way as standing simply for the organization of industry on scientific and ethical lines, it is impossible to deny that the movement in new Zealand is to some extent socialistic, as is also the coöperative movement of Great Britain.

The ambiguity of the term socialism leads therefore to the curious predicament that while New Zealand rejects socialism, using the word in the ordinary sense, she is following in some measures the lines of experimental and evolutionary socialism, in the mild sense above mentioned. This explains how it is

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or direct nominations or the referendum, or any other immediately practicable step, should unite to secure the move in respect to which they agree, no matter how much they may differ about the final ideal. Particularly is this true of the referendum, for all who believe in popular government can unite on this whatever other reforms they desire, for it is the key to all the rest. All who want the same thing *now* should unite, whether they want the same thing three hundred years from now or not, or a hundred years, forty years, twenty-five years, or ten years from now.

In Europe, and especially in Germany, I was gratified to find many Socialists coming frankly to an opportunist and practical position, and substituting a moderately progressive program for the revolutionary collectivism of Marx. In the elections that have just taken place (1903) the Socialist demands were: One vote for each man and woman; the referendum; responsibility of the Government to Parliament; a holiday on election day; payment of members of Parliament so that poor men can afford to stand for election; local self-government; freedom of speech and press; disestablishment of the churches; free non-sectarian compulsory education; substitution of a militia system for the great standing army; legal equality of the sexes; free justice or gratuitous legal proceedings; free medical attendance and burials; progressive income and inheritance taxes.

Such a program merges Socialism in Progressivism; all but three of the fourteen demands are already realized facts in New Zealand. The result of this infusion of moderation into the Socialist program in Germany has been a tremendous increase in the Socialist vote, which is now 2,911,000, an increase of more than 800,000 over 1898, lifting their representation in the Reichstag from 54 to 81 in a total of 397 members. In 1871 the Socialist vote was 124,655 in 4,000,000; in 1878 it was 437,158 out of 6,000,000; in 1884 it numbered 550,000 in 5,500,000; in 1893 it rose to 1,876,740 in 7,700,000; in 1898 it was over 2,000,000; and in 1903 it is nearly 3,000,000; or more than a third of the total vote of the Empire. *So prosperous is the policy of uniting on immediate moves instead of dividing on ultimates.*

that some writers describe New Zealand as socialistic, while others declare she is not. The writers have different ideas of socialism. Even the same writer may make contradictory statements on this point, writing at one time with reference to the special meaning of the word socialism, and at another time with the broad meaning in mind.

It is important to remember this ambiguity in the use of this much-abused word. But it is still more important to remember the fact that each onward step in New Zealand has been taken on its merits as a practical proposition, in the light of common sense and business knowledge as well as scientific and ethical principle, and without relation to any preconceived notion as to the ultimate form of industrial organization.

The accumulated result of the solution of these practical problems one after another, is that New Zealand is moving toward the coöperative commonwealth; but it is a mutualistic commonwealth, made up of public ownership so far as necessary to protect the people from monopoly and secure the due diffusion of vital services, such as education, fire protection, etc., with voluntary coöperation and legislative regulation the rest of the way; which is very different from a commonwealth based on the collective ownership of all the means of production and distribution. In short, New Zealand has gone further than any other country in the direction in which the Socialists wish to go, and yet, it is one of the least socialistic among civilized nations, as the term is commonly used, for the percentage of those who would revolutionize society and establish universal State ownership is smaller than in most other countries. The Liberal movement has relieved the pressure that in other lands creates extreme demands. Other governments, scared by the whole program, have refused to accede to any part of it. New Zealand is not afraid of names, but considers each proposition fairly, takes what seems good of it, and lets the rest alone.

New Zealand statesmen and leading authorities are emphatic on the point that there is no disposition on the part of the great mass of the people to adopt any sweeping program of State ownership or any other of the current isms. Wm. Pember Reeves says: "There is no strong party of Socialists in the Colony. \* \* \* *The reforms have in all cases*



*been examined and taken on their merits and not otherwise.*"<sup>9</sup>

Sir Robert Stout (Chief Justice) says: "We have no socialistic societies," but "we appeal to the Government whenever a social wrong is proved to exist, and redress it." And again: "Non-interference in America led to millionaires, monopolies, trusts, corruption and rings, both in State Legislatures and municipal corporations, all of which may be said to be unknown amongst us," excepting a few trusts, which will be detached from the error of their ways by State competition, regulation and coöperation, without socialistic action. "It is an intellectual blunder to say that all extensions of the functions of government are in the direction of socialism."<sup>10</sup>

In his *Problems of Greater Britain*, speaking of the Australasian Colonies, including New Zealand, Sir Charles Dilke says, pp. 507, 509:

"The dominant Radicalism of the Colonies stands firmly in a middle position, desiring to see the State play a large part, but not inclining towards democratic socialistic ideas in the ordinary sense of the phrase. . . . The Australian colonies feel that their governments are governments of the whole people, and that the people should make full use of the capacity of government to serve them, but revolutionary or democratic socialism is not popular with the working

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<sup>9</sup> *The Long White Cloud*, p. 396. Elsewhere, with the broader meanings of the term in mind, Mr. Reeves speaks of the Australasian colonies as "democracies of a socialistic complexion," and as "deeply tinged with socialism." He refers here to the broad "experimental or evolutionary socialism" that simply aims to improve conditions, trying State ownership, arbitration, coöperation, peasant holdings, anything that promises relief in accord with liberty, common sense and equity. Socialism, as commonly understood, the theory of universal State ownership, has practically nothing to do with it, any more than some prominent creeds called Christian have to do with the teachings of Jesus. As Reeves himself declares, State ownership has in no case been the outcome of a belief in socialism, but has been adopted in each case as a rational solution of a particular problem without reference to any general theory of State ownership, and there has been at the same time a systematic effort to extend and encourage private initiative and voluntary coöperation in other lines, especially in agriculture, wherefore, as explained in the text, the extension of State ownership cannot fairly be deemed socialistic or deeply tinged with socialism as socialism is ordinarily defined.

Speaking of the Progressives of the middle and working classes in Australia and New Zealand, Reeves says: "Democrats in the colonies repudiate the title of socialist. . . . They accept the wages system, rent and interest, private ownership and private enterprise. Their business is to obtain tolerable conditions for the masses, and stand by the small man. The steady support they give to land laws, the object of which is to create peasant proprietors, freeholders or leaseholders at an unchangeable rent, and the votes they give for land taxes which exempt small holdings, would startle Socialists and Single-taxers in Europe and America." (*State Experiments*, p. 71, see also the passage already cited from p. 70.)

<sup>10</sup> *J. Statis Soc.* 55, 388; *Contemp. Rev.* 76, 540.

people who largely own their houses and possess land and shares. The practical programs put forward by moderate European Socialists are indeed mostly law in the Australian Colonies, but the larger proposals which lie behind appear to have less chance of being entertained there than they have in the old world. The program of the Young Democrats of Switzerland contains a large number of items, most of which are already the subject of legislation in Australia; the railways to be in the hands of the State, stringent labor legislation to be adopted, separation of Church and State, etc. But while the Swiss Social Democrats put last in their program the item which looms largest, the nationalization of commerce and industry and equality of the profits of labor, they doubtless give to it the greatest portion of their thought. In Australia such ideas have little weight. . . . It is in Great Britain of all the countries of the world that revolutionary (*i. e.*, extreme) socialistic views appear to be most generally entertained among thoughtful people. There is in the Colony no such sign as is to be seen in the mother country of the growth of extreme views hostile to the institution of property."

All this is quite as true to-day as at the threshold of the Liberal régime in New Zealand when Sir Charles Dilke wrote, for the whole development of the Liberal decade has been simply a vigorous application of the principle that the Government should be made to serve the people through public ownership in the field of monopoly, and the encouragement of private industry and initiative in commerce, manufactures and agriculture by securing free play under equitable conditions, favoring voluntary coöperation, and affording the coöperation of the State (as in shipping, dairying, etc.) to all who care to avail themselves of it.

The people look on their Colony as a coöperative society, in which they are the shareholders, and the Government is the board of directors. They see that in many industries capital must be employed coöperatively, either by the public or by voluntary associations, or else the financiers will exploit land and labor. They see that competition and individualism running wild in America have produced the coal monopoly, the beef combine, the oil trust, railway and corporation governments; city slums, sweat-shops, the mortgaged farmers of the West, etc. Therefore they do not care to trust to competition and individualism. The State has shown that it can render them excellent service, and they will try it further. Mistakes may be made, but they can restrain the State. Trusts and combines they might not be able to control so easily. Moreover, the newspapers criticize the public service in a

way they will not or dare not criticize private enterprise, as a rule, and public enterprise carries with it the additional guarantee of publicity through public inspection and reports. But there are many things that can be done coöperatively without the State. Individual freedom and initiative are valuable as well as union. It is not wise to abandon them or restrain them more than is necessary to abolish their abuses. For this reason private enterprise and voluntary coöperation are to be utilized as well as public service.

As to the Single-tax philosophy, Henry George proposed to enact a law taking 90 per cent of all ground rents and abolishing all other taxes. The New Zealanders do not believe in this. They are with the Single-taxers in their opposition to land monopoly, speculation, unearned increment, etc., and many support the movement now in progress toward the nationalization of the soil, but by means of purchase and gradual increase of the land-value tax, not by a sweeping confiscation of rental values. Moreover, they exempt small owners from the State tax entirely, and make the tax progressive on the large estates, whereas the single-tax would exempt no one, but apply the same rule to all. Finally they believe in income and inheritance taxes as well as land-value taxes. The local land-value tax is stronger than the State tax, but even this takes but a fraction of the rental value. Some who call themselves Single-taxers are in full sympathy with New Zealand's land policy, but such men are not Single-taxers in the sense of adhering to the program laid down in Progress and Poverty, or the George plan of confiscating rental values.

United States Consul Connolly, speaking of the New Zealand land-value taxes, says that they could be assimilated to the single-tax by increasing the amount to the limit, abolishing the exemptions, removing the progressive features, and doing away with the income-tax, etc. (that is, by removing nearly all the vital elements of the New Zealand system), and adds:

"But I believe, from my knowledge of the country farmers, that they would resist such a step to the bitter end, if indeed, they did not rise in open revolt, for they look upon the single-tax with horror, and regard its introduction as little less than spoliation. Whether they are justified in this extreme view of the matter, I am not prepared to discuss. Strange to say, the most enthusiastic single-tax advocates are found among the landless in the large centers of population. I have

not yet met a farmer in this country, and I have taken some pains to ascertain their views on the subject, who is a believer in the single-tax theory."<sup>11</sup>

Instead of adopting the single-tax, the New Zealand laws have apparently blocked the way against the single-tax. "The complete exemption of the small land owner (up to \$2500 of land-value) forms an almost insuperable barrier to the progress of the Single-taxers," says Wm. Pember Reeves.<sup>12</sup> The small farmers are not likely to consent to give up their exemption, and, in view of the benefits that have come from it, no considerable class in the community is likely to ask them to give it up. But the nationalization of the soil by purchase and leasing goes steadily forward, and that will accomplish the great purpose of the Single-taxers without the objectionable features of the methods usually advocated by them.

#### **Ideals and Principles.**

9. It must not be thought that ideals have had no part in the great advance that has taken place in this hard-headed Commonwealth. It is true that the New Zealanders did not start with More's Utopia, or Bellamy's Looking Backward, or with any single-tax theory, or socialistic plan for the reorganization of the State. But it is equally true that they did not go to work hap-hazard. They had no Philosophy of Society or program of the social state, toward which they wished to go step by step. But they had very clear ideas of the fundamental principles and purposes to which they wished to make their institutions conform. Justice, equalization, industrial peace, the elevation of labor and the public good, are as truly ideals as any complex program can be, and to these ideals the people of New Zealand are earnestly devoted. The whole Progressive history of the Islands is one long proof of this. There is no conflict among the Liberal measures. They are all in harmony with the same great principles and purposes. The moving ideals were not merely subconscious elements of thought, controlling action without the recognition of the motive by the actor; again and again the ideal on which a measure was based has been expressed as the reason for its adoption. The graded land and income

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<sup>11</sup> U. S. Consular Reports, Vol. 44, p. 623.

<sup>12</sup> National Review, 1896, Vol. 27, p. 838.

taxes were enacted for the equalization of wealth, "to favor the small men," "to burst up monopolies." "To the people of New Zealand anything that encourages monopolies is abhorrent," said Sir Julius Vogel.<sup>13</sup> The ideal of industrial equalization which many think will be the dominant ideal of the 20th century, is already a controlling factor in the life of the New Zealanders. The purpose most often avowed among them is that "they mean to have no millionaires or paupers."<sup>14</sup> "The fond desire of the great body of the colonists," says

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<sup>13</sup> *Fortnightly Review*, Vol. 59, 1893, p. 137.

<sup>14</sup> New Zealand recognizes the fact that millionaires and paupers are not good material for a democracy. And we have even stronger evidence on that point, for with all her land monopoly and army of tramps a dozen years ago, she has never experienced such pressure of vested interests and millionarism as we have. Without personal animosity to any millionaire or any pauper, it is still quite clear that on the whole their effects on government, and industry, and society, are not good. The millionaire gets so much in the habit of buying what he wants that when he desires a law or an office, he is apt to buy up a legislature as he'd buy up a carload of mules, or give an order to purchase a nation and as many votes as necessary to carry the office he covets. On the other hand, paupers supply the richest soil for the growth of despotism and corruption. Industrial independence, or a reasonable opportunity of making an honest living free of the pressure of private monopoly or industrial aristocracy, is the economic basis of liberty, and the foundation of civic virtue. A good square meal, or a reasonable certainty of getting one without submitting to political bossing or industrial mastery, is quite as essential to good government as the Australian Ballot or civil-service regulations. It is not a good thing in a republic to have the voter's appetite rise in opposition to his duty as a citizen. Only a few men in each generation are born with a conscience disconnected from the digestion and a virtue that is starvation proof.

The people of New Zealand recognize the interdependence of political and industrial liberty and well-being, and while endeavoring to perfect the machinery of political control, they are also striving to bring industrial conditions into harmony with republican institutions. Each advance in either field reacts upon the other and makes the next step easier. An improved electoral system enabled the united farmers and workingmen to control the Government. That led to legislation exempting small people from State taxes and placing the principal burdens on the monopolists. And this in turn, by favoring the development of the middle class and the extinction of the monopolist, has made the State and its Government more truly democratic. The law establishing a Labor Bureau to secure employment for the unemployed, has not only lifted wages and improved industrial conditions, but worked in favor of good government by abolishing the class most likely to be a prey to demagogery and undue influence.

So with public ownership. As already stated in another connection, if the railways, banks, coal mines, etc., are in private hands, the wealthy and influential shareholders have a financial interest in getting men elected to office who will pass franchise acts and other laws in their favor without too strict regard to the public interest. But when the railways, etc., are public property, the interest of these same wealthy and influential citizens stands with the interest of the public in general for good government and honest administration. Every step in public ownership of public utilities where the people own and operate the Government, so that it is real public ownership and not merely the private monopoly of a few politicians under the name of public ownership—every step in real public ownership is also a step in political democracy, enlightened self-government, and just administration in the interest of the whole people.

Better education and ennobled manhood make better institutions, and better institutions make a nobler manhood; by such interactions civilization goes forward.

*A cone of very perfect form rising in solitary beauty from the plain near New Plymouth (Southwest part of the North Island). It is the Mount Tacoma of New Zealand.*

MOUNT EGDMONT, 8300 FEET HIGH.



*This noble mountain, with its white summit towering above the clouds, is a fitting emblem of the pure civic life and lofty aspirations for justice and humanity that have had so much to do with New Zealand's remarkable advance.*

Vogel, "is to obviate the necessity of institutions akin to work-houses."

Ministers and representatives of the people declare, amid vigorous applause, that New Zealand "must nationalize every foot of her soil;" that "no bank in the Colony will be allowed to fail" (in time of threatened panic); that "taxation according to ability" is to be the policy of the Government; that "those best able to bear it" must contribute the funds for the old-age pensions.

"We believe the railroads are for the people," says Premier Seddon, "and we are managing them in the interest of the people, and for the development of the country in the way that will best help all the people. We are not trying to make a profit out of them, and as our revenues increase, we steadily reduce freight rates and passenger fares. The railroads are the servants of the people and should be run entirely in their interest."

There is the ideal of public service in place of the ideal of private profit.

"There are other experiments we are bent on making, as to solve the difficult problems of equality of sacrifice in taxation, and to limit the area of holding of land," wrote Sir Robert Stout at the beginning of the Liberal régime; and again, "A scheme for old-age pensions has been elaborated and an attempt will be made to solve the difficult problem of making some provision for laborers in their old age."<sup>15</sup>

This was in 1892, more than six years before the institution was established.

Sir Robert Stout also testifies (1892) to the "magnificent growth of a state conscience," which must be reckoned as a very important factor among the causes of New Zealand's progress. Sir George Grey planted the seeds of a new civic conscience a quarter of a century ago, and for twenty years did what he could to make them grow. To the principles he and his colleagues, Stout and Ballance, impressed upon the people, the Commonwealth owes much of her development in civic virtue.

It is clear that while New Zealand is not pursuing any social panacea, nor following the plans and specifications of any school of social architects, yet fundamental principles and purposes have played a vital part in the Liberal advance.

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<sup>15</sup> J. Statis. Soc., Sept., 1892, pp. 403, 414.

"The reformers of New Zealand," says the Hon. Hugh H. Lusk, former member of the New Zealand Parliament, "set out with a definite principle, but with no very definite program to guide them on the path of reform. That principle was that in all legislation the interests of the people as a whole, and never those of a section of the people only, were to be considered. It was the clear recognition of this principle that enabled them to disregard a hundred arguments brought against their proposals, and to run counter to a hundred old established prejudices that have elsewhere become nearly matters of religious belief. Against this principle all the stock arguments in favor of the sacred interests of property held by the wealthy, and of the need above all things of conserving the interests of capital for the development of the country, beat with unavailing fury. The question was not how capital would be affected, but how the mass of the people, who there, as well as elsewhere, had little or no capital but the vigor of mind and body bestowed on them by nature, would be affected by any measure that was proposed. It was not a question of vested interests and legally acquired rights on the part of the few, but how far their continuance or recognition might be injurious to the many. To the argument that was hurled at the advocates of each new reform as it was proposed, that such legislation was madness because it would destroy confidence and drive away both capital and settlement, the answer was always ready: they were legislating for the prosperity of the people of New Zealand as a whole, and if they could secure that, both capital and settlers would follow. This is the reform policy of New Zealand."

"It may be asked," says Mr. Reeves, "whether the Progressives have any general aim which may be expressed in a sentence or two, and which their sheaves of proposals are expected to serve. Undoubtedly they have. It is to secure by combination and law a larger share of comfort and opportunity for that great human mass which lives by labor. It is to raise the standard of life among the workers, not only by gaining for them shorter hours and better pay, but by lifting them on to a higher plane by education and a civilized environment."<sup>16</sup>

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<sup>16</sup>This is true in the Australian states as well as in New Zealand. In New South Wales the Labor forces have for their "ideal the shortening of the hours of labor of the people, and the fixing of a minimum wage, giving them more opportunity of having leisure and pleasure in their lives." Speech of Mr. McGowen, leader of the N. S. W. Labor Party, 1901.

"Having established themselves in power (actually in power, for the Labor party strictly so-called has not a majority, yet labor interests control the Government) they have set before themselves a program of legislation which has for its sole object the improvement of the conditions of life for the masses and they have a belief in it which raises it to the dignity of a crusade." (Sydney correspondent of the London Times, April 4, 1902.)

The demands of the Australian Labor Parties show how true these statements are. The immediate demands, or "fighting programs" of 1901 and 1902, seem eminently sensible and practical, more so a good deal than the more pretentious programs of the early nineties. Some of the leading demands are as follows: One-adult-one-vote; the initiative and referendum; pensions for aged and disabled persons; progressive taxation; the sustaining of village settlements and the creation of small landholders under a system



The people are not idealists in the sense of formulating à priori the details of an ideal commonwealth, but they are idealists in the sense of adhering to the principles on which the ideal commonwealth must be based. A man's ideal is to be judged by what he strives for. If he seeks the dollar and industrial dominion regardless of justice, his ideal is commercial conquest. If he aims at justice, humanity and the public good, his ideal is noble and his life will be ennobled by it. This is the case with New Zealand. The true ideals of her people, in connection with electoral methods that give those ideals free play, have lifted her to a higher plane of life.

#### Public Spirit.

10. The most important fact of all, perhaps, is the *earnest and intelligent attention* the people give to *public affairs*, or the *intensity of their public spirit*, which is at once the highest form of enlightened self-interest and the loftiest altruism.

The New Zealanders do not merely believe in political justice and industrial equalization, but they devote their time and thought and effort to their realization. Other peoples have similar ideas, but they are not their dominant ideas; they do not put the emphasis upon them, or give them the same proportion of their energy and attention. New Zealand not only gives a larger percentage of her total vitality to constructive activities than most other nations, but she devotes a larger proportion of her constructive energies to the improvement of political and industrial conditions than any other nation whatever.

With a nation as with a man, success and development follow where attention and effort carry them. One who devotes himself to art or literature may paint a famous picture or write a great book, but he is not likely to be so good a farmer as one who follows that calling. And a man who gives himself up to the counting room may be an excellent business man, but will not be apt to become a great statesman.

Of all the causes that have helped to make New Zealand what she is to-day in relation to political and industrial

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of perpetual lease with periodic revaluations; the legalizing and enforcing of the 8-hour day; and the establishment of compulsory arbitration. In all the colonies Labor has been and is favorable to State arbitration of labor disputes and the creation of a Ministry of Labor, and in some of the colonies these reforms have been accomplished.

progress, we believe the most important are: the earnest attention and effort her people give to public affairs; their determination to secure political and industrial justice, equalization, and harmony, and to make the public good the sole test and basis of all legislation; the clear common sense that leads the trade unions to use the ballot to better the conditions of labor, and makes the farmers and workingmen join hands at the ballot box for the benefit of both classes; and the system of direct nominations, cross-questioning of candidates, and independent voting, which gives free play to judgment, conscience, principle and ideal, cancels individual errors and self-interests against each other, and brings the great body of earnest, intelligent, justice-loving people together on their real interests and unities, in the truth and the right, and enables them to elect men pledged to execute their wishes, and carry their principles into effect.

Emphasizing the importance of the complete fusion of the farmers and workingmen, the whole body of the Liberal and Labor forces in fact, which gave the Liberals control of the Government, Mr. Reeves expresses the opinion that "the amount of progressive work of the last few years has been rendered possible by this fusion."<sup>17</sup> A judgment that no one familiar with the facts will be likely to dispute.

New Zealand has had no class conscious movement to keep the voters apart by emphasizing their differences instead of their unities. Nor any such separation of classes as exists in Europe, or even in America, except as between the large landholders and the rest of the people. The weight of common evils pressed the bulk of the people together, and the farmers, workers, and small people of every sort, had sense enough to focus their attention on their common interests and act together.

The United States Consul lays great stress on the democratization of the electoral system. He says, in a passage quoted in a former chapter: "With the advent of the one-man-one-vote principle and the extension of the franchise to women, the power of corporate wealth in this country appears to have been irrevocably destroyed."<sup>18</sup> Political equality under

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<sup>17</sup> Nat. Rev. Vol. 27, p. 836.

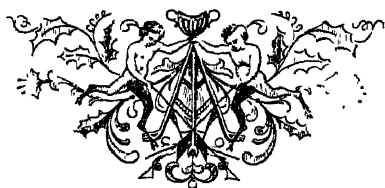
<sup>18</sup> U. S. Consular Reports, 1897, Vol. 53, p. 37.

a system of direct nominations and non-partisan ballots, means death to plutocracy whenever the small people unite to use their votes in their own interest. Sir Julius Vogel intimates that the secret of New Zealand's progress lies in "the plain fact that the working classes (including the small farmers) have more control over the Government of the Colony than the same classes have over the Government of the United Kingdom."<sup>19</sup> And the reason the working classes have more control is that they have united at the ballot box, and that the system of nominating and pledging candidates gives them a leverage on their representatives.

Public spirit, clear thought, high purpose, strong attention, earnest and persistent effort, are the internal factors; and political methods that give free expression and forceful operation to them, free from the warp or taint of all spoils or party selfishness or boss control, monopoly pressure or other private influence, are the external factors; such are the essential elements of political development under republican Government, according to the testimony of New Zealand history. And the history of the world, from Athens down, lends confirmation both positive and negative; positive, through the presence of political progress wherever the said essentials have existed, and negative, through the absence of political advance wherever there is a lack of any essential in the all-important compound of character, thought, and method.

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<sup>19</sup> *Fortnightly Review*, Vol. 59, p. 143.



## CHAPTER 80.

### CONTRASTS AND CONCLUSIONS.

The similarities and contrasts revealed by comparing New Zealand with the United States are of the deepest interest. Both countries are in the civilization belt;<sup>1</sup> both new, and isolated from the old world by wide oceans; both free, liberal, progressive; settled by the same stock, with the same language, literature, traditions and religion, similar institutions, and practically identical methods of education through the universal public school.

Wide ranges in the United States have a climate substantially like that of New Zealand; the same marvelous productive power is here, the same tremendous energy, the same freshness and freedom and wonderful flexibility of life that favors creation, discovery, and development. New Zealand's soil is not more fertile than ours. Nowhere is there a richer soil than in the Mississippi Valley. The big crops of the Middle West and the big trees of California are unsurpassed as examples of productive energy. The luxuriance of the Pacific slope is a dream of beauty. The flora of New Zealand cannot grow faster than the flowers of California. The vigor of our Northern air is unexcelled. The resources of our country are greater than New Zealand's, our rivers larger, and waterfalls more powerful, our scenery more magnificent. We have the noble forests, broad plains and rolling prairies, the snowy mountains and the sea, the Olympic range and the Adirondacks, Niagara, and Yosemite, the Grand Cañon and the Yellowstone, Lake George and Watkin's Glen.

The predominant element in both countries is Anglo-Saxon. The pilgrim fathers and the colonists of New Zealand carried the blood of England, and her laws and institutions, to their new abodes. The history of each of these English settlements,

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<sup>1</sup> See chapter on Causes and Conditions, Physical Factors 3, p. 661.

the American and the New Zealandese, is a record of astonishing progress. The development of each is one of the wonders of the world. The New England Yankee is the keenest and most common-sense development in the Northern Hemisphere, and the New Zealanders are the keenest and most common-sense of the Southern Hemisphere. They are the Yankees of the South Pacific. In fact, New Zealand is a little America, a sort of condensed United States. If all the nations of the world were classed according to the number and importance of their points of resemblance, the United States, New Zealand and Australia would stand in a group together, with England, Switzerland and France close by, and Belgium, Denmark, Germany, and Scandinavia not far off.<sup>2</sup>

England has been for centuries a leader in the paths of liberty, commerce and finance, and now stands foremost in coöperation. France gave the nations a tremendous lesson in democracy by revolution, a hundred years ago, and now heads the list in the realms of art. Switzerland has put the capstone on the political work of England and America, by showing us how to make our representative government really representative, by means of the initiative and referendum, proportional representation, and the popular recall. Belgium has supplied the best object lesson on the full application of proportional representation in her national and local elections. Germany has shown the world how to unite a mass of monarchies and aristocracies into a giant empire with republico-imperial organization, as America has illustrated the federation of a mass of democracies in an imperial republic. And Australia has given the most astonishing exhibition in franchise extension by adopting woman suffrage throughout the national elections of a continental commonwealth as large as the United States. But the two leaders that are attracting most attention among civilized nations now on account of their leadership, are undoubtedly the United States and New Zealand.

The world, however, does not look to these two leaders for the same purpose. Their paths diverge. Their leadership lies in different spheres. America leads the world in invention and material development, and massive organization of industrial and commercial enterprise, and even invades New Zea-

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<sup>2</sup>For comparison of the nations in regard to various elements of civilization see Part III, "New Zealand's Place Among the Nations."

land with her locomotives and machinery. New Zealand's distinction lies in her practical application of the principles of civic and economic justice in the most remarkable politico-industrial movement toward diffusion of wealth and power that is recorded in history. She leads the world in the discovery and application of effective measures for the equalization of opportunity, wealth and power, and the uplift of the common people. The fundamental difference between the two countries lies in the aims of the people and the direction given to the current of their vital energy. The United States in recent years has devoted her superb vitality to the development of machinery, the organization of business for private profit, and the building of giant monopolies, while New Zealand has devoted her superb vitality to the development of just political and industrial institutions. That is the core of the striking contrast revealed in the recent history of the two countries. America aims at the dollar; New Zealand at the man. America has been too busy gathering wealth to give due thought to the social, political, and moral effects of the various methods of its production and distribution. New Zealand's attention has been focussed on these effects, and she has tried to arrange her laws and institutions so that the creation, division, possession, and expenditure of wealth may proceed on lines that shall make them an unmingled blessing to the community.

Numerous contrasts of more or less importance may be pointed out, which illustrate the results of this fundamental difference in thought and purpose, or help to explain how the vital difference of aim and motive came to exist.

The United States is in form a republic, but in fact, at least so far as the National Government is concerned, it is largely a Government by wealth,—a plutocracy—an aristocracy of industrial power. New Zealand is in form an imperial province, but in fact it is substantially a republic. The will of the great body of the common people is in actual control of the Government.

Years ago the larger part of the United States was really a republic, but the power of the people has gone down as the power of wealth has risen, till now the Government often represents the corporations and party machines more fully than it represents the public. The trusts and monopolies have more influence in our legislative bodies than the people. A few years ago in New Zealand land aristocracy was in the ascendant, but it has gone down and the power of the people has risen to full control. The movement of the last decade has been toward plutocracy in the United States, and away from it in New Zealand.

Our people have an easy-going confidence in the future of the Republic because of its wonderful history. We boast of our freedom while a new tyranny is silently but rapidly growing round us. New Zealand has awakened from the dream of confidence and knows that political liberty is not safe till industrial liberty is established and the Government rescued from the hands of the monopolists.

In New Zealand organized labor uses the ballot to accomplish its ends, but in America the workingmen carefully refrain, for the most part, from using this greatest of all the powers they possess.

The capitalists have stood together in the United States, but the farmers and workingmen and small merchants and manufacturers have divided. In New Zealand the capitalists have stood together, but the workers and the farmers have stood together also, and have carried the day against the capitalists.

In America the farmers organize for agricultural ends, and the workingmen organize for labor purposes, but they do not join forces to take control of the Government in their common interest as is the case in New Zealand. Not only have our farmers and workers failed to come together, but neither group has learned to use the ballot for its interests in any systematic way. The farmers divide at the polls, and organized labor divides at the polls. In New Zealand the small farmers are practically solid at the ballot box, and organized labor is solid at the ballot, and the two solids are welded together into one irresistible solid.

The agricultural population forms about 40 per cent of the total population in New Zealand, and the farmers have 40 per cent of the representatives in the National House, without considering the Maoris, who are all rural. In the United States the agricultural population is also about 40 per cent of the total, but has only 9 per cent of the National representatives. On the other hand the lawyers have only a small representation in the New Zealand House and a very large one in our Congress and legislatures—12 per cent in New Zealand against 60 per cent in our Congress and some of our legislatures.\*

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\* The lawyers and their families constitute less than half of one per cent (.4 of 1%) of our people, yet they have 60% of the representatives. It is true that lawyers are experts on the law, or ought to be, and we need the advice of a few good counsellors in our legislative bodies, but the wisdom of filling our halls of legislation with lawyers is very questionable. Most of them who get to Congress are attorneys for giant corporate interests more or less opposed to the public interest, and about all of them are subject to the psychology of their profession, which means that their advocacy is for sale—that is a lawyer's training and profession, to sell his abilities as an advocate. Big corporations, trusts and combines employ lawyer representatives to plead their cases in court and represent their interests in other ways. The attorney gets full of his client's ideas and interests, and sees things from his standpoint, so that even without any direct bribery or conscious immorality, the corporations usually have no difficulty in controlling a legislative body composed of lawyers. Yet our farmers and voters in general continue to send a class of

In America the people have the *right* to govern; in New Zealand they *do* govern.

Private ownership of the vital franchise monopolies flourishes in the United States, with overcapitalization, stock speculation, and a strong tendency to buy up the Government, and get rich by capture rather than by industry. In New Zealand the great franchises belong to the people, with honest capitalization, and no boodle pressure on the Legislature.

Here political corruption is a byword, there political corruption is unknown.

Legislation is for sale in the United States. It cannot be bought in New Zealand.

Legislation is largely for class interest with us. In New Zealand legislation is in the interest of the people as a whole.

Here large numbers of wealthy stockholders have a financial interest in the election of corruptible men and corporation tools. There the financial interest of the wealthy is in harmony with honest Government, and fair administration of public utilities.

Women vote throughout New Zealand on the same terms as men. In four of our States they do the same thing, but the other 41 do not recognize the political equality of women.

In the United States a few men decide who shall be nominated for office. The election machinery is in the control of party machines. Caucus and convention methods effectually exclude free and independent selection by the people, and put the nominating power in the hands of professional politicians. In New Zealand nominations are made directly by popular petition without the intervention of caucus or convention.<sup>3</sup>

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men whose profession it is to sell their advocacy, to the very place where the corporations most want to buy advocacy, instead of sending men whose psychology and training would lead them to advocate what they believe to be right and nothing else

<sup>3</sup> Nothing in politics is of more fundamental moment than the abolition of machine nominations and relief from the undue partisanship fostered by the ringsters and spoilsmen for revenue purposes only. Minnesota, Wisconsin and Massachusetts have adopted primary election laws which enable the voters to nominate party candidates by ballot under the safeguards of a regular election. Independent candidates can also be nominated by petition. At a second election the voters ballot for the candidates so nominated. This is a great advance, but more cumbrous and expensive, and much less effective than a complete system of nominations by petition, with preferential voting to insure a majority choice no matter how many candidates may be put up.



In New Zealand the methods of nomination and election lead to a cancellation of individual errors and self-interests, and give results in accordance with the collective wisdom and the public interest. In America the methods of nomination and election relegate politics to the dominion of party leaders and machines, and lead to results that accord with their private interests.

In short, New Zealand has obtained her great results, and shot ahead of other nations, largely because her people are less fettered by undue devotion to party, and more given to the united support of men publicly committed to special policies and measures. As long as we make the success of party the prime political object, we cannot expect to make such progress as New Zealand has made. We could now, without destroying any party or creating a new one, unite in supporting candidates for Congress, Legislature and Councils who will commit themselves publicly and by definite pledge, or agreement in writing, to support the referendum on franchises, or direct legislation in full, or direct nominations, popular election of senators, progressive taxation, or any other measure deemed desirable. If the party candidates in any district refuse to do this, independent people's nominees can be put in the field in that district. There is a most hopeful movement now in this direction of pledging candidates,<sup>4</sup> and it is found that the candidates of the leading parties are, as a rule, quite ready to commit themselves to measures of general utility on which the people or any considerable group or organization of people place decisive emphasis. It is only necessary for the people to focus their attention on measures instead of party success, question all candidates and publish their replies in the press, and the wheels of progress can be made to move with vigor.

The Speaker of our House of Representatives is called a "Czar" because his arbitrary will determines who shall address the House and who shall not. No matter how many hundreds of thousands of people a member may represent in the cause he stands for, and no matter how many times he may get the floor and call out "Mr. Speaker" ahead of any one else, he cannot speak unless the Speaker chooses to recognize him. If the Speaker thinks it would be better for the interests of his party not to permit the said member to address the House, he calmly turns his eye away and recognizes some safer man.<sup>5</sup> In New Zealand

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<sup>4</sup>Under the auspices of the National Federation for Majority Rule (George H. Shibley, chairman, Bliss Building, Washington, D. C.) and with the indorsement of the American Federation of Labor and other important organizations.

<sup>5</sup>Hon. Thos. B. Reed, when Speaker of the House, wrote an article on the duties of the Speaker for the *Youth's Companion* (Jan. 9, 1896, p. 19), in which he took the ground that it was the Speaker's business, not to act as a presiding officer or mediator aiming to secure fair play, but to use his power of recognition, appointment of committees, etc., in the interest of his party, determining what men shall be heard and even excluding from the consideration of the House a measure the majority are in favor

the Speaker of the House is its servant, not its master, and is there to see fair play, not to control national legislation in the interest of any party. Any member who gets the floor is recognized and has his say under the rules like any other member, even tho he is so full of atmosphere as to make a hundred speeches on the same bill, which goes to the other extreme we think, but is nevertheless more in accord with the principles of liberty and true republican Government than a system that reduces the National Legislature to a monarchy acting in the interest of a party despotism.

In the United States the individual conscience of the voter is largely swallowed up in party. To be untrue to conscience is nothing; but a breach of party allegiance, to be disloyal to party, is an unpardonable sin in American politics. "In New Zealand there is no boss, and no ring; absolutely no spoils of office, and no party funds. The Civil Service rules include all officials of whatever rank or kind except the members of the Cabinet and judges of the highest courts. Organized party is totally absent excepting within the Parliament itself. There is, therefore, no person or persons to whom the candidate for office can go to bargain for a seat in the Assembly except the citizens of the

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of, because his party is against it. A few passages from his remarkable confession may be of interest here:

"If you wish to get a correct idea of the Speaker's duties and obligations you must free yourself from a good many notions which are entirely suitable when you think of most other presiding officers, but are unsuitable when applied to the Speaker of the United States House of Representatives.

"In England the Speaker has no political duties to perform. He has to mediate between two hostile parties, both of which are organized for their respective work. It is true that the Speaker of the House of Commons is chosen by the party in power, but upon taking the place he keeps himself free from party.

"So far has this feeling been carried that Speakers of the Commons have been known to refrain from visiting the political clubs to which they belonged, lest they might be suspected of party feeling or party combination.

"In our House of Representatives the Speaker participates in all party caucuses and in all party deliberations, and is expected to advise. Mr. Carlisle, when Speaker of the House, refused to recognize one of his own party friends who desired to present a proposition to repeal internal revenue taxes, and the reason he gave was that the party which the Speaker represented was not in favor of such repeal. The fact that the House would have voted the proposition by a considerable majority makes the case most marked. No one, however, who knew the duty of a Speaker in America accused Mr. Carlisle of unfairness.

"Mr. Blaine used to say, apropos of this exercise of discrimination: 'I do not say that I will not recognize you if you do not tell me what you intend to offer, but you must not blame me if you have an important public measure to present, and I do not know what it is and therefore do not see the need of recognizing you.'

"One of the first duties of the Speaker is to maintain order; but nobody who looks on from the galleries even thinks that he does his duty, for a less orderly body does not exist in the world. Even a member on the floor has great difficulty in finding out what is going on, a difficulty which often becomes an impossibility.

"Badly as the members behave with us, they evidently used to be worse behaved in England, for during the long Parliament the Commons made an order 'that all members who climb over seats shall pay twelve-pence.'"

The remarks of the representatives whose measures have been turned down, and who are bold enough to say what they think about it, are not

particular district which he hopes to represent. This principle is fully recognized and fully provided for by the electoral laws. The clumsy, expensive and useless device of primaries has no place in the system; the expedient of a nominating convention is alien not only to the practice but to the principle of the system. The object is to produce a real representation of the people, not a mock one through the medium of a party, and therefore it is recognized that the fewer intermediaries of any kind there are between the people in each district and the men who represent them, the more likely is the best man to be chosen; this is the essential difference between the representative ideals of Australasia and America, and it goes to the very foundations of government."<sup>6</sup>

A fish has multitudinous offspring at a single session; an elephant only one, but the quality is in inverse ratio to the quantity. Overproduction is a sign of low development. Legislation is in the fish stage in many states and countries, and nowhere yet in the elephant stage. Last year (1901) the Legislature of Rhode Island (representing 428,559 people) enacted 104 public laws, 41 private bills and 104 resolutions public and private, a total of 253 acts, or one for each 1700 people.

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so favorable to the speaker's dictatorship as the complacent paragraphs of the "Czar." Take the following, for example, from Hon. Francis W. Cushman, a Republican Congressman from the State of Washington. He took advantage of the debates on Cuban reciprocity to inject what he called "a few cold facts" about the system under which the House does business. A part of his speech is as follows: "It may be a matter of news to some of the good people within the confines of the American Republic to know that there is no way of getting an ordinary unprivileged measure considered and voted upon by the House unless it suits the Speaker. I make the statement on this floor now, that no member of this body who introduces a bill can get it considered or brought forward to final determination unless it suits the Speaker. When the bill is reported and placed on the Calendar, what does the member who has introduced it and who is charged by his constituency to secure its passage do? He either consents that that bill may die upon the Calendar, or he puts his manhood and his individuality in his pocket, and goes trotting down that little pathway of personal humiliation that leads to—where? To the Speaker's room! Aye, the Speaker's room!

"Then you are in the presence of real greatness. What then? Why, the Speaker looks over your bill, and then he tells you whether he thinks it ought to come up or not. He recognizes those he desires to recognize, and does not recognize those whom he does not wish to recognize.

"Throughout the entire three years of my service in this body, I have been up against the little machine that dominates the proceedings and deliberations of this House. I, for one, expect to live to see the day in this House, when the Speaker will not tell the individual members of this House what he is going to permit them to bring up, but when those individual members constituting a majority will inform the Speaker what they are going to bring up for themselves.

"What do we amount to as individual legislative units in this House—this House that was once the great House of Representatives, the popular forum of a patriotic people? What is it now? It is an annex to the committee room of the Committee on Rules. Here is where we go through the stupid formality of ratifying the legislation that is determined upon by the Speaker and his Committee on Rules. When I contemplate the system now in vogue in this House, under and by virtue of which no man can do anything unless the Speaker of the House and the Committee on Rules are willing that he should, I say, when I contemplate that system it gives me a pain in my patriotism!"

<sup>6</sup> Condensed from Lusk's "Our Foes at Home" (referring to the enemies of good government in the United States).

The New Zealand Assembly (representing 815,820 people) passed 74 public laws and 29 local and private acts and resolves, making a total of 103 acts, or about one to 8000 people. Or taking areas there was one law for each fifty square miles in Rhode Island and one for each thousand square miles in New Zealand. The Connecticut Legislature (representing 908,420 persons) passed 750 acts, or more than seven times as many as New Zealand. New York with 7,263,894 people enacted 747 laws. North Carolina with 1,893,810 people passed 1265 acts, and Massachusetts with 2,805,346 population passed 652 acts. In Switzerland with a little larger population (3,312,551) the National Legislature passes 25 or 30 laws in a year. The British Parliament (legislating generally for 400,000,000 of people and especially for 42,000,000) enacted 40 public laws and 281 local and private acts in 1901. The Congress of the United States (legislating generally for 88 millions in the States and Empire) enacted the same year 185 public laws, 955 private acts and 18 resolutions.

In New Zealand as a rule legislative acts are carefully drawn and considered by responsible ministers. In the United States, they are drawn by the rank and file, or by their constituents, and considered by irresponsible committees. The mass of bills is too great for any legislator to investigate or understand more than a small fraction of the matters he is to vote upon.

Aside from the tariff, taxation in New Zealand is placed according to ability, and falls on the rich, not on the poor. Taxation here is largely according to the lack of ability to escape it. Improvements and enterprise and small men are all exempt in New Zealand; none of them are exempt with us. The taxing power in New Zealand is largely used to correct abuses and equalize wealth. With us it is used in such a way as to create abuses and intensify industrial inequality. The wealthy owner frequently pays taxes on only a tenth or a 20th of the value of his property, while the small man is taxed at full value or near it; and a rich corporation is assessed on 2 per cent of its valuation, while the general average of assessment in the same locality is 50 or 60 per cent of the value.

Our methods of assessment place the highest ratio of taxes to resources on those least able to bear it. New Zealand's progressive taxes place the highest ratio on those best able to bear it.

The machinery and inventions of the United States surpass those of New Zealand as far as her political methods excel our own. New Zealand buys locomotives from our Baldwin works, and we may import a few of her ideas with equal benefit.

The genius of America devotes itself to industrial organization, the building of giant trusts and corporations, and in this field we have no rival in the world. The genius of New Zealand devotes itself to political organization and improvements in relation to her civic life, and in that field she has as yet no equal.

Our organization is for private profit and industrial conquest; hers is for justice and the public service.

We have a National Labor Bureau and an able Commissioner, but the department is generally limited to the publication of statistics. New Zealand has her Labor Minister, a member of the Cabinet, and the principal duty of the Department is to find employment for the unemployed and improve the conditions of labor, the publication of statistics being a subordinate function.

New Zealand has a Parcels Post that will carry a parcel 3 feet long and 3 feet in girth, and weighing 11 pounds or less, all over the world for 12 cents a pound, or 6 cents a pound inside the Colony. The United States has no Parcels Post for inland service, and no foreign service except with New Zealand and Germany.

New Zealand sends a 10-pound package 12,000 miles to London by Parcels Post for 75 cents. From Boston to London, 3000 miles, our express companies charge \$1.00 for such a package. A New Zealander can send a 3-pound package by postal express to London for 25 cents. From Boston to London the company rate is 50 cents. From Boston to New Zealand the charge for a 3-pound package is 36 cents by Parcels Post, and \$1.05 by express. For a 7-pound package, the rate is 84 cents by post, and \$1.60 by express, and for 11 pounds, the charge is \$1.30 by postal express, and \$2.35 by corporation express.

For 2 cents a New Zealander can send a  $\frac{1}{2}$  ounce letter half round the globe, to England, Switzerland, Italy, Canada, Mexico, Peru, and over 100 other places, while we have to pay 5 cents for a  $\frac{1}{2}$  ounce letter to England or any other country whatever except our next door neighbors, Canada and Mexico.

New Zealand has Postal Savings Banks, and the total deposits in all sorts of banks amount to \$140 for each inhabitant. The United States has no Postal Savings Banks, and the total bank deposits amount to only \$110 per inhabitant.

The State Telegraphs of New Zealand transmit 5 messages per capita each year, while the private telegraphs of the United States transmit not quite one message per head of the population.

The mails which are public in both countries have the same use per capita in both countries, the number of pieces carried being 96 per year for each inhabitant in both commonwealths.

A telegram can be sent 1000 miles on the Government lines in New Zealand for 12 cents. In the United States the companies charge 50 cents or more for that distance, with a 30-cent rate at night.

New Zealand makes a good profit on her postal business.

Our railways charge the Government a much higher rate for carrying the mails than they charge the express companies for carrying express matter. New Zealand owns her railways and gets her mails carried at cost.

The New Zealand post-office is also a telegraph and telephone office, an express office, a savings bank, and life and accident insurance office, an old-age pension office, a tax-collection agency, an open door to the Government loan office, the public trustee and the public employment bureau, and a polling place where commercial travelers and others away from home can cast their ballots. In the United States no such coördination of services has been attained. The post-office has got no further than the carrying of the mails, and selling money orders.

For 40 years New Zealand has had title registration to give simplicity and certainty to the transfer of land. A few of our more progressive States are just beginning to use the system.

In New Zealand the Government owns over half the land and intends to own a great deal more. In the United States the Government owns comparatively little outside the parks and the arid lands left in its hands, and doesn't intend to own much land. New Zealand limits the area one man can hold, gathers in large estates, cuts them up and leases them at moderate rentals, giving the landless the preference. In the United States the capitalists gather in the small estates to make bonanza farms. Single titles cover millions of acres. One man owns four million acres, an association of four men owns three millions, and there is a considerable list of estates containing 200,000 to 1,000,000 acres each.<sup>7</sup>

There is no limit here to the area a man or corporation can buy up and hold. So far as the law is concerned a man could own a whole State, or the continent even, if by some ingenious arrangement of trusts and combines he could capture enough of the people's wealth to buy it.

Some time ago when the Cherokee Strip in Oklahoma was thrown open for settlement a crowd of men gathered on the frontier to fly with fleet horses the moment the last hour of the reservation expired. The mob waited and watched for the midnight hour, and at the stroke of 12 there was a rush, a race and a scramble to pre-empt the best claims. I have seen an English fop throw money to a crowd of gamins to see them tussle for it, and our Government did substantially the same thing on a larger scale with the Cherokee Strip. In New Zealand all public land is disposed of on lease or sale in orderly fashion, and if there is more than one applicant for a particular section the matter is determined by lot or by auction.

In New Zealand the understanding is that the land and all its wealth belongs to the people. In this country the understanding is that the

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<sup>7</sup> See p. 41 of *The Land Question*, Equity Series, 1520 Chestnut St., Philadelphia.

land and all there is in it, underneath it or on top of it, belongs to those who can win in the race for its possession.

New Zealand has Government Insurance at low rates, with absolute certainty and no forfeiture, and all profits go back to the customers. Our people insure in private companies with plenty of forfeiture, no security against insolvency, and at rates high enough to yield a big profit.

The Public Trustee of New Zealand has no counterpart in the United States.

The United States has given enormous quantities of the people's land and money to railway corporations, more than enough sometimes to build and equip the whole road, but the people do not own a mile of these railways; the private companies own them all. New Zealand too has put the people's land and money into railways, but it keeps the roads it pays for to be the property of the people. New Zealand believes that when she invests the nation's money, the investment should belong to the nation and not to a private company.

In the United States a big combine, or corporation or other wealthy shipper can underbill his goods or get low railway rates that enable him to take the market from his competitor. In New Zealand there is no unjust discrimination in freight rates, and the Company that ships a million tons can get no lower rate than the man who ships 400 pounds.

Here the railways are managed for private profit, there the railways are run for public service.

In the United States everything is done to favor the big man. In New Zealand every effort is made to secure the small man as good treatment as the large man (he gets just as low freight rates, and can borrow money at the same rate of interest, etc.); and in cases where it is proper to make a difference the favor is shown, not to the big man, but to the little one, to encourage the beginnings of wealth—the small investor gets a higher rate of interest from the Public Trustee than the large estate, the landless have the preference in applications for public lands, the man long out of work has the preference for employment other things equal, etc., etc.

Public funds in the United States are deposited in favorite banks that get the use of many millions free. New Zealand deposits her money in her own banks and invests it for her own benefit.

New Zealand has prohibited industrial panics. But there is no restriction on their immigration to America, or on their domestic cultivation.

New Zealand has "smashed the money ring," but the money power is still in full bloom in America.

In our financial system private interest is dominant. Wall Street and the great banks and moneyed institutions control the situation. In New Zealand the public interest dominates the money market. The possession of the great central bank, the net-work of postal savings banks, and the Loan Office, gives the people's Government practical control of the financial machinery of the Commonwealth.

Our money and credit system in America along with many excellencies has many defects. In the first place it is unstable. It is a multitude of separate bricks instead of a solid wall. If one brick falls it may knock down others within its sphere of influence, and they in turn may spread disaster till the whole industrial system is shaken by a panic. The power to control the volume of money and credit is the power to control the rise and fall of prices, secure a steady flow of productive activity, or an alternation of feverish speculation and depression; the power, in short, to produce prosperity or panic. The credit and currency system here is in private hands and is managed for private purposes. Speculative profit holds a prominent place in the affections of our financial governors, and business upheavals often favor individual profit. In New Zealand the credit and currency system is in the hands of honest public officers and is managed in the people's interest, with no taint of speculation, with a definite purpose of preventing financial disturbances, and with all the strength that belongs to a unified system backed by the national resources. The result is that we suffered a business crisis in 1893, while New Zealand succeeded in warding off the panic altho her arrangements for dealing with financial difficulties were far less perfect than now.

Aside from instability our credit system is defective because of its discriminations against persons and places. Ample facilities are offered to rich men and big cities, but small men and rural districts have not their fair share of monetary accommodations. Moreover our banking system is a prolific manufacturer of millionaires as the Tribune List discloses, and so in another way disturbs the fair distribution of wealth.

Government banks, when political conditions are such that they are really the people's banks and not politicians' banks, are in many respects superior to private banks. The public system makes no millionaires, but manufactures a multitude of well-to-dos. It offers adequate service to rural districts and small business men. It secures stability and safety. And it operates the whole financial system for the public benefit instead of for private profit and speculation. Even when a private system is operated with the utmost honesty, its cash and credit are apt to fly the market and vanish into safety vaults at the very crises when they are most needed in the open. Whereas a public system brings out its cash and credit when under fire, and puts it on the market at low rates to avert the panic. A private pocket-book is not big enough to fight a panic, but can get out of the way. A public pocket-book is big enough to fight successfully and cannot get out of



the way; if a crisis comes it will hit the public pocket-book anyway. A private pocket-book cannot do anything to save itself but run away and hide, except where sufficient cooperative spirit has developed to make it possible for a large number of individuals to unite. A public pocket-book, on the other hand, can't run away and hide; it can only save itself by battle, and it is strong enough to keep any ordinary panic from coming ashore, or suppress it if it has a foothold in the country.

The farmers of America have looked to Congress for National control of railroads, Government loans, and postal savings banks, but they have looked in vain. In New Zealand the farmers look to their Parliament for these benefits and obtain them.

Over 90 per cent of New Zealand's debt is for public works and paying investments, over 90 per cent of our debt was incurred for war.

In 1900 Congress appropriated \$128,000,000 for Army and Navy, and \$3,726,000 for agriculture. The relative effort is the other way round, in New Zealand. The expenditure for the benefit of agriculture was more than double the amount expended for defense.

In the United States we hear a great deal about "class consciousness," and a political party has been formed to carry on a class conscious movement. In New Zealand one hears nothing about class consciousness; it is consciousness of what is good for all the people that is deemed of importance there.

New Zealand has an 8-hour day and a half holiday. We have, as a rule, a 10-hour day and no half holiday. Factory girls in our Southern States work 11 hours a day. In New Zealand the law limits factory work to 48 hours a week, and in all but woolen mills the limit for women and children is 45 hours a week. Still fewer hours are often fixed by the Arbitration Court.

With us the aged and destitute must depend on charity or go to the pauper house. In New Zealand the aged poor receive State annuities.

The United States looks chiefly to the amount of exports and the development of material wealth. New Zealand looks to the condition of the workers who produce the wealth and the goods exported.

In New Zealand now capital cooperates with labor for the reference of disputes to the Court of Arbitration for the judicial decision of their differences. In the United States capital pays part of the workers to shoot the other half or hold them at bay in the industrial battles we call strikes.

In New Zealand a trade union may do anything that an individual may lawfully do. In the United States there are many things an individual may do without liability, which, if done by members of a labor



QUEENSTOWN, LAKE WAKATIPU, SOUTHERN PART OF MIDDLE ISLAND.

*One of the things the traveler through New Zealand finds frequent occasion to comment upon is the admirable character of the sites selected for towns and cities. Not only are the coast cities, such as Nelson (p. 196), Napier (p. 273), Auckland (pp. 304, 436, 441), Wellington (p. 431), Dunedin (p. 438) and Picton (p. 639), beautifully located, but even inland towns are often charmingly situated, as in the case of Queenstown. The pure air and noble surroundings of such cities make them good places in which to raise men. Natural beauty alone cannot produce good men nor excellent institutions, but it is easier to develop fine character and institutions in the midst of beauty and purity than in ugly, dirty, smoky, shabby cities with crowded tenements and treeless streets that have no beauty of prospect, little pure air, and only narrow slits of sky.*

organization, would be met by a suit for criminal conspiracy or by injunction. Injunctions against the boycott, picketing, etc., in many cases make an effective strike impossible. Strikes are industrial wars and ought not to exist. But they are at present the only effective weapons labor possesses in America, and they ought not to be taken away till better methods are established in their stead. If the law deprives labor of the means of enforcing a strike it must first put arbitration in its place. New Zealand law has removed restrictions on effective strikes except in the case of a few public services, and has also adopted arbitration on the compulsion of labor organizations, with the result that strikes have ceased to exist. The country that accords to labor the freest field for effective strikes is the country, and the only country, that has no strikes.

In 1877 a giant railroad strike occurred in the United States with rioting and burning, troops overpowered by mobs, twelve men killed at Baltimore and many more at Pittsburg, traffic tied up and millions of property destroyed. In 1886 came the big Gould strike with more violence and destruction. And in 1894 the vast and violent Chicago strike occurred, in which 100,000 railway men went out, the roads were paralyzed, and the business of a continent was clogged for weeks, with an accompaniment of mobs, riots, troops, burning, and destruction of life and property—\$1,739,000 loss of wages to employees (many of whom lost their places also as the battle went against the workers, and not only their former places but all chance of railway employment as they were blacklisted by the roads and boycotted throughout the country), \$5,358,000 loss to the companies in profits and property, and \$80,000,000 to the country at large according to Bradstreet's estimate—all because the Pullman Company cut wages 25 per cent without reducing the house rents its employees had to pay it, and refused to arbitrate the difficulty tho repeatedly urged to do so by the Civic Federation, including many eminent citizens, and by the City Council, the American Railway Union, and Mayor Pingree of Detroit accompanied by the Mayor of Chicago, and telegrams from the mayors of over fifty of the largest cities in the country earnestly asking arbitration.

Under the New Zealand plan the car-shop employees, instead of striking May 10, would have filed an application for a hearing, or the Railway Union would have taken the dispute into court, and long before the middle of July, when the battle closed, a judgment would have been secured binding the Pullman Company, the railroads and the employees, without disorder or hindrance of traffic, and at the cost of a few hundred dollars instead of nearly ninety millions. After this strike, in accord with the recommendations of the United States Commission that investigated it, a national arbitration bill (on voluntary lines)\* was introduced into Congress, but nothing came of it.

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\*It would not be wise, of course, even if it were possible, to pass compulsory arbitration laws before the labor unions and the people are ready to support them. Educational efforts and the election of better balanced and more truly representative governments from which both labor

The anthracite miners asked for an 8-hour day, a 20 per cent advance in the contract price for mining coal, the recognition of their union, and the privilege of having a representative of their own to check the weighing of the coal and see that it is honestly and correctly done, and they offered to arbitrate the whole question. The owners would neither grant the petition nor arbitrate, and the mines were closed for months, the price of coal went into the clouds, the industries of a dozen States were put to inconvenience and expense, and the total loss to the workers, mines and railroads was over a hundred million, to say nothing of the loss to the public. All because there was no law to compel the mine owners to accept the workers' offer to arbitrate. We have had plenty of lessons before, at Chicago, Homestead, etc., but this industrial crisis, more perhaps than any other, has brought out the consciousness that the public interest is the supreme interest in industrial affairs and must be reckoned with. It is not a combatant interest; it demands peaceful settlement, and in that it is identical with the true interests of the disputants.

In New Zealand the miners would have submitted their requests to the owners, and if no agreement could be reached they would have

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and capital have reason to expect impartial justice are the first things in order. Our unions strongly favor arbitration now and the failure to arbitrate is usually due to employers, not to the unions. Almost all labor platforms favor arbitration, and the constitutions and resolutions of many of the strongest labor organizations require that effort be made to secure it in all cases of dispute. Such famous strike leaders as Debs and Mitchell have done their best to obtain settlement by arbitration instead of the strike. In the *Labor Movement in America*, p. 146, Prof. Richard T. Ely says:

"The difficulties in the way of arbitration have come chiefly from the side of employers, for it is a rare thing when laborers refuse to arbitrate their difficulties with their employers. Few cases of such refusal have ever come under my notice." As soon as our workers see that judicial proceedings, at the option of either party, constitute the means of securing arbitration where employers hold back, and open the way to justice without the costly struggles they have to risk at present; as soon as they see this and wake up to the power they possess in the ballot, through union of all who desire industrial justice to elect men pledged to secure it—when these things happen we shall have effective arbitration. Meantime, enlightened municipalities and other bodies can help the growth of arbitration sentiments and habits by making arbitration of difficulties a condition in all contracts made by them or in relation to their work. A sort of local option might also be established as a preliminary measure. If 10 per cent of the voters of any municipality or State petition for it, let a referendum vote be taken on the question of compulsory arbitration, and if carried let it be established subject to repeal by referendum after three years. Or, it might be provided that a majority of the workers affected by any grievance should have the right to bring the matter into court on showing that reasonable effort in the direction of conciliation and voluntary arbitration has been made and has failed to afford redress. If either employers or employed do not desire to leave the decision with the court, let the workers choose one arbitrator, the employers another, and these two a third, subject to the approval of the court (which represents the interests of the community). Let the award of this board of arbitrators stand on the same footing as a judgment of the court, and be enforced in the same way. Such a law, with a clause making strikes and lockouts unlawful after reference, as in New Zealand, would go a long way toward substituting reason for might in deciding the rights of labor and capital, and would obviate the distrust of courts our workers feel, until improved political conditions make the more perfect plan practicable with the full coördinating power of a great court of final resort.

cited the owners before the Arbitration Court. The whole matter would have been investigated just as any other difficulty between individuals or bodies of men is investigated in our courts of justice (except that lawyers would probably have had no part in the proceeding), the books and accounts of the companies would have been inspected, the testimony of the owners and the men received, and an impartial judgment rendered. All the time the mines would have been in operation, and there would have been no army of unemployed, no coal famine, no loss to the public, the employers, or the workers.

It is estimated that strikes and lockouts in the United States have cost employers and employed \$380,000,000 in the 15 years, 1887-1902, or an average of 25 millions a year. The total cost, including the public loss, is probably not less than \$600,000,000 or 40 millions a year. New Zealand also had terribly expensive strikes before she got her Arbitration Court, but in the eight years since then she has been practically free from industrial war.

The United States is a land of industrial conflict; New Zealand is the land of industrial peace.

When the arbitrary conduct of the Coal Trust in refusing to arbitrate grievances drove the price of coal 400 per cent above the fair level, our people did not look to the National Government for redress, but to J. Pierpont Morgan, the king of the coal fields, and looked in vain. In New Zealand when the coal ring forced the price 75 per cent above the fair level, the people did not beg the managers of the trust to be just, but looked to their Government for redress, and did not look in vain, for the Government went into the coal mining business itself in the interests of the people.

Altho our country is in the midst of a great continent, our isolation is practically as complete as that of the Island Commonwealth so far as defense and freedom are concerned. But our great resources and comparative nearness to Europe have brought to our shores large numbers of immigrants from the poorer nations of the old world. These immigrants and the negroes of the South have rendered our population less homogeneous than that of New Zealand. The children of the new comers with fair treatment and good education soon become thoro American citizens worthy of their new home, but if they come faster than we can assimilate them they will hurt our civilization without compensating benefit to themselves. New Zealand believes that a nation should be as careful as a family about the strangers it takes in to mingle with its children and become a part of its life.

New Zealand not only excludes the Chinese as unfit material for a democracy and an injury to Anglo-Saxon labor, but is determined to exclude all other immigration of low order that may threaten to dilute her civilization. We also exclude the Chinese but admit vast multitudes of men from the slum districts of Europe to the great increase

in the difficulty of our development, and the consequent delay of the economic salvation of the whole world which so largely depends on America.

In the United States the movement of population is from the country to the city. In New Zealand the movement is from the city to the country.

The control of New Zealand cities and towns has not been the scene of party conflicts or division on the lines of national politics, and there have been no boodle franchises or contracts, or political corruption of any sort in their governments, nor even a charge of corruption against any member of any local government—a statement I make on the authority of the present Chief Justice of the Colony. In some of the cities and towns of our own beloved country such things have been known.

Municipal life in the United States reaches both higher and lower levels than are known in New Zealand. In some of our cities affairs are in a worse condition than is known in the municipal life of any other highly civilized country. On the other hand the great body of our municipalities are sound and progressive. Municipal ownership of water, gas and electric works has made remarkable progress, and wherever the town meeting system prevails, local public spirit has reached a vigor and efficiency superior to what is known in almost any other country.

The dominant ideal in America is industrial conquest. The ruling thought of New Zealand is political and industrial justice and equalization.

We worship the dollar and make success a deity, and sacrifice even conscience, character and health upon her altar. New Zealand has a profound respect for the dollar and for success, but does not allow them to override her sense of right.

The splendor of the prizes to be won in commercial and business life in America has dazzled our youth and warped our morals. The strain on the individual conscience in New Zealand has been far less.

The purpose one meets oftenest among our youth is to gather enough wealth to be a millionaire. The purpose one hears oftenest expressed in New Zealand is to have no millionaires and no paupers.

New Zealand is living under the rule of men. We are living, to a large extent, under the tyranny of capital.

Our political economy thinks that money is the test of wealth. New Zealand's political economy knows that manhood is the highest wealth.

Our trusts are organizations of wealth for commercial conquest and aggression. The People's Trust that manages the railways and other

great industries in New Zealand, is an organization of wealth for service. A dozen years ago the monopolists controlled the Government of New Zealand, but the common people have taken possession of it now. In the United States the monopolists still control the Government, and the common people, instead of taking possession of it, are simply petitioning the representatives of the monopolists to legislate against the monopolies they represent.

The United States has 150 millions in warships. New Zealand has 150 millions in public works and public investments, railways, telegraphs, banks, water works and mining properties, lands leased at a moderate rental and loans on interest to farmers, traders, workers and municipalities.

Both countries have free secular universal education in the public schools.

New Zealand's Constitution is more easily changed than ours—too easily perhaps; it does not seem wise to allow the representatives, even when chosen by direct nomination and thoughtful ballot, to change the Constitution without submitting the specific alteration to the people on a referendum vote.

We have a provision in our Constitution against aristocratic titles but no provision against aristocratic power. New Zealand's Constitution has no provision against titles, but her people have a constitutional abhorrence of monopoly, and they frame their laws to dethrone the kings of the market and the soil. We legislate against the shadow; New Zealand goes after the substance

Our fathers fought and conquered the aristocracy of birth; our brothers in New Zealand have fought and conquered the aristocracy of wealth.

The concentration of enormous wealth in the United States goes rapidly forward, while in New Zealand the movement is toward the better diffusion of wealth. In this country the object seems to be to create as many millionaires and multi-millionaires as possible, regardless of the number of tramps that may be generated at the other end of the business system. In New Zealand the definite principle is to have no millionaires till all can be millionaires, and no paupers anyway. It will be time enough for millionaires when the commonwealth rises to the million level so that any intelligent and industrious family may accumulate a million as it now may secure ten or fifteen thousand, without taking wealth that is really produced by others and belongs to them. Such a time is intellectually conceivable with the development of machinery, and accumulated wealth. The total wealth in New Zealand is \$1800 a head, or easily 500 times the per capita wealth among the lowest savages. Another equal development and any deserving family may have a million. The machine power of the United States is already equivalent to the labor of 30 full grown men for every family,

and is rapidly increasing. Still it is quite clear that there is no immediate prospect of reaching the millionaire stage on a democratic basis, and we do not want millionaires on an aristocratic basis.

Columbus discovered America in 1492. The Pilgrims landed in 1620 and established free Government in New England. The Declaration of Independence followed in 1776 and the Federal Constitution in 1889. The new republic reversed the policy of the old world and undertook to conduct her affairs on principles directly the opposite of those by which the world in all preceding ages had been guided. She determined not to waste her national resources on military and naval equipments. Europe still lay at the feet of a few great families; still squandered her substance in the maintenance of enormous multitudes of armed men; still burdened and baffled the industry of her toiling millions by the constant employment of those armed multitudes in devastating wars to satisfy the ambitions or avenge the quarrels of the aristocrats. America looked on with serene neutrality upon the furious efforts which the European nations were making to subdue each other, and devoted herself to peaceful industry. The result was a development that is without a parallel in history. But there was a deadly taint in the industrial greatness of America; men were sold at auction on her soil, and millions were held in bondage, their lives controlled by a few aristocrats for their private benefit. Garrison, Phillips and Lincoln roused the people against this iniquity; secession followed, and in the war for the Union the slave system, that caused the conflict, perished on the field of battle. After the war a new age of industrial development began, but in this age the building of corporations, franchise monopolies and combinations of capital has been carried to an extent unknown before, and has resulted in a concentration of wealth and a pressure on the Government, that in connection with the spoils system and partisan nominations and elections, has set up a powerful movement toward the monopolization of Government and industry. Once more vast multitudes of lives are controlled for the private benefit of a few. History shows to what the concentration of wealth and power must lead. Strong men have stirred the thought and conscience of the people, and public sentiment is crystallizing, but still for the most part the laws and the markets are in the hands of the monopolists, and the movement toward the congestion of wealth and power has not been reversed.

The first European saw the cannibal islands, called New Zealand, in 1642, a few years after the Pilgrims landed at Plymouth Rock. The first Caucasian landed in 1769, about the time American Colonists were beginning to fret at the treatment of Great Britain. And the pioneers of the white invasion, the missionaries, whalers, and flax and timber traders, did not come on the scene till our second war with England and the years of Napoleon's decline and fall. In 1840, the third year of Victoria's reign, the country was made a part of her empire; 12 years later a Constitution was granted the Colony; and 18 years after that the National Railway and public works policy was inaugurated. Then began the age of material development. New Zealand did not

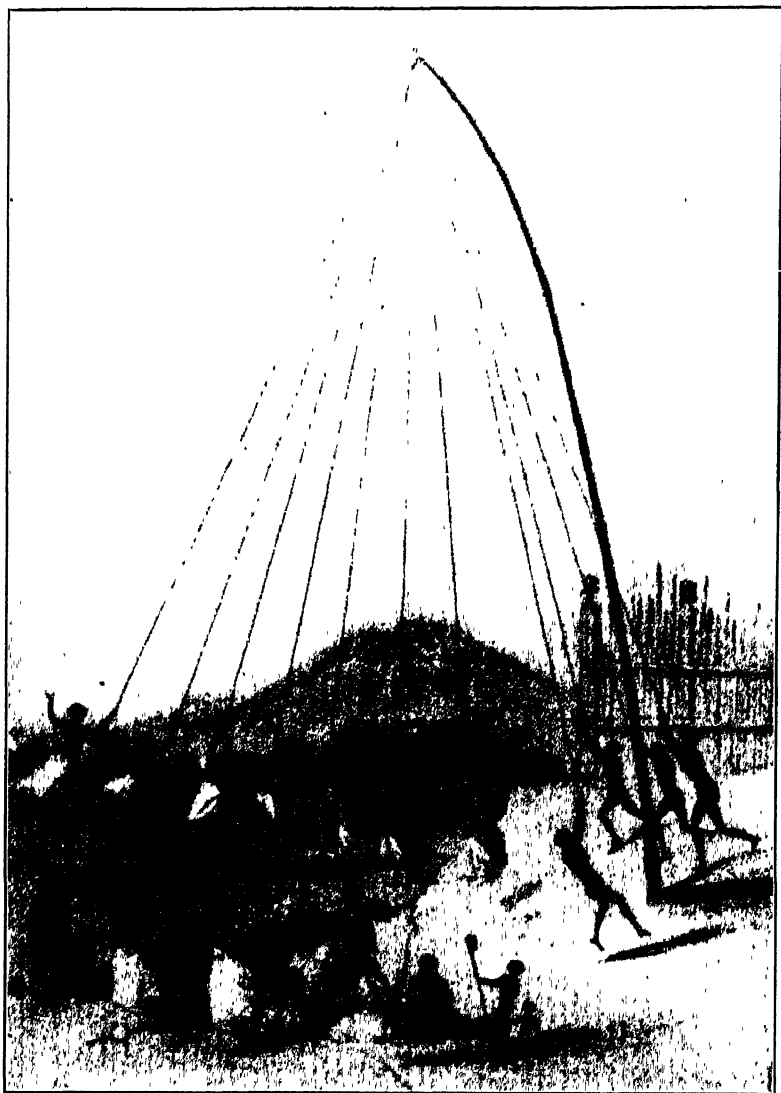


waste her resources in the maintenance of fleets and armies; her labor was free and enlightened, and her industries grew rapidly. But with this development came speculation, land monopoly, concentration of wealth which with the plural voting of the rich gave the practical control of the lives of multitudes into the hands of a few for their private benefit. The unemployed, low wages, discontent, colossal strikes, tramps and slums developed. For twenty years New Zealand headed straight toward the conditions of the old world. But the teachings of Grey and Ballance and the still more impressive teachings of experience stirred the common people to take the Government into their own possession. In 1890 this was done and the movement of the Commonwealth was reversed. Since then New Zealand has moved steadily away from congested wealth and aristocratic power, and toward diffusion, equalization and fraternity.

A few important contrasts are reduced to their lowest terms and brought into strong relief in the following crisp analysis:

United States.	New Zealand.
Nominations by machine.	Nominations by popular petition.
Government by party.	Government by the people.
Spoils system.	Merit system.
Political corruption.	No political corruption.
Monopoly pressure to control Government.	Government pressure to break down monopoly.
Concentration of wealth.	Diffusion of wealth.
Dollar the king.	Manhood the king.
Government loans to banks.	Government loans to farmers.
Unjust discrimination in freight rates.	No discrimination in freight rates.
Railroads and telegraphs for private profit.	Railroads and telegraphs for public service.
Organization of capital in the lead.	Organization of men in the lead.
Frequent and costly strikes and lockouts.	No strikes or lockouts.
Industrial conflict; disputes of labor and capital settled by battle.	Industrial peace; disputes of labor and capital settled by judicial decision.
10-hour day.	8-hour day.
Contractor system in public works.	Direct employment and coöperative methods.
Taxation for revenue.	Taxation for the public good.
Farmers and workmen divided at the ballot box.	Farmers and workmen united at the ballot box.
Monopolists and politicians in control.	The common people in control.

Nevertheless, in spite of all these tremendous contrasts, so many of which are unfavorable to us, the United States is the



A MAORI SWING.

Angas found this a favorite amusement of the natives in the villages about Taupo. Flax cords fastened to the top of a long pole on a sloping bank make a fine swing and an excellent exercise. The youngster or adult takes a cord, runs down the bank, and strikes out into the air, making a wide circuit and swinging back to the bank again to repeat the flight.

Some of the Conservatives thought the Liberal statesmen of New Zealand were playing a game of this sort when they passed the progressive tax, land resumption, state-lending, mandatory arbitration, etc., and that legislation would swing back to the old bank again. But it did not swing; it went straight ahead, and the Conservatives now realize, with the people generally, that the Liberal statesmen have had their feet on the ground all the time, and that the movement is not a swing into the air but a steady climb.

grandest nation on earth, and has the most magnificent prospects. After traveling through most of the principal countries of the world, including the United States, and comparing it with other nations by observation, supplemented by careful study of the countries visited and of other lands not visited, and doing our best to divest ourselves of all false patriotism and prejudice of birth and training, we are still in love with America. The possibilities of the Union are boundless. The destinies of the world are in her hands. She has always led mankind in any undertaking on which she has put her mind. She has only to give her best thought and energy to the new problems that have risen since she last stopped to consider the fundamentals of human relationship, and she will move forward toward industrial justice with a momentum that will carry humanity with her. With popular election of officers, it is better to be on a splendid ocean liner than on a sailing vessel or a steam tug, even tho the great steamship is not headed for the best port. It is only necessary to put the proper men in control and change the course of the ship for the true port, then she will be right; and think of the speed she can make, the cargo she can take, and the passengers she can carry.

## CONCLUSIONS.

The facts of supreme importance we believe are: *First*, that these astonishing contrasts of condition and tendency arise for the most part from a difference in the direction of energy in the two countries. *Second*, that the divergence of energy results chiefly from a difference in the aims and purposes and methods of the two peoples, these causes and conditions being themselves dependent on common sense, just intent, earnest thought and true conceptions developed by various educational influences. *Third*, that her present position of leadership in political progress has been achieved by New Zealand in a few years from very unfavorable political conditions, except that she had no political corruption, spoils of office, or party domination of the nominating power. Other important factors, such as the suffrage, the tenure in the Upper House, the pressure of land monopoly and its practically continuous control of the Government through one House or both for over twenty years, were worse than anything that we have ever experi-

enced; but devotion to principle rather than party, and voting with eyes fixed not on the offices, but on legislation to be secured, and institutions to be established, has overcome all obstacles and led to an industrio-political advance without parallel in the history of the world. *Fourth*, that the revolution was accomplished peacefully, by agitation, education, direct nominations, questioning and pledging of candidates on policies and measures, and the union of farmers and working-men at the ballot box.

The new light that has been growing for years in the Southern sky, till now it illumines the world, is not the flame of battle, but the rising glory of a new civilization. The Aurora Socialis of New Zealand is not so brilliant as the blaze that met the astonished eyes of Europe as she gazed across the sea in 1776 at the crimson flame around our Declaration of Independence; nor so intense and awe-inspiring as the lurid glare of the French Revolution; but the light of the South is whiter, clearer, steadier than its predecessors, tho it flows from the same eternal fountains of energy, and draws its political electricity from the same great dynamos of liberty, equality and fraternity. There are no blood-red jets in freedom's new-lit altar fires, as in the days of French awakening, nor is it streaked with slavery's black, as when our Western Colonies burst into flame and liberty's camp fires glorified the clouds of war for all but the Negro slave. France and America had to use bullets as well as ballots. New Zealand is waging her battles with ballots alone. France guillotined aristocratic men and women; New Zealand guillotines aristocratic institutions. New England fought the despotism of a foreign government; New Zealand is fighting the despotism of the dollar.

Thoughtful men in every country recognize that the diffusion of wealth and equalization of industrial opportunity are the great problems of the age, and the people know that political liberty is very imperfect without industrial liberty, free government being perverted by the power of private monopoly and industrial aristocracy. Every civilized land is full of vigorous discussion of these subjects. But only New Zealand and Switzerland have taken vigorous action. In most countries legislation is not the expression of the Collective Wisdom, but too often reflects the private interest of some boss, machine, or party management. In New Zealand with direct nominations,

pledging of candidates and independent voting, and in Switzerland with the referendum, legislation has come to represent substantially the public thought and feeling.

The average New Zealander, tho enjoying the largest average income in the world, is nevertheless of an economical turn, and does his political thinking for himself, instead of paying a boss or machine to do it for him. Then he votes as he thinks. He discusses his differences with fervor and intensity, but when it comes to action he does not "flock by himself," but unites with all who agree with him on some important move that is immediately practicable. He does not refuse part of what he wants because he cannot have it all. He recognizes the difference between education and legislation. He preaches his whole idea, but votes for what can be had at the time. He does not lock himself up in a little party to wait until the caravan gets to the millennium, but puts his shoulder to the wheel to help the wagon out of the particular slough that is hindering its progress now.

He saw that the Government was controlled by monopolists, and he joined with all who wished it to be in the hands of the people and put it there. He felt that he was paying too large a share of the taxes, and he voted to put more of them on the rich, who could bear the burden better. He found that the railways, under the Commissioner system, were being operated largely on capitalistic principles, and he voted for candidates pledged to see the roads managed for the public service. He does not organize a strike against the coal ring or the shipping trust, or other aggressive monopoly, and then vote to keep the monopolies in power by electing men who represent them.

The remarkable thing about New Zealand is that she applies common sense to politics. The people know that the Government is the great monopoly that underlies and controls all the rest. They believe that legislation should be in the interest of the public and not of any class, and they know that to accomplish this they must see to the nomination and election of men who represent the public interest. They know that poverty, aristocracy of wealth, and private monopoly are opposed to good government, and they have resolved on their extinction. The people control the Government, and are using it to secure the gradual abolition of commercial conflict and industrial mastery. They are using the power of just political organiza-

tion to infuse justice into industrial organization. They are using democratic political institutions to secure democratic industrial institutions through public ownership, careful regulation, judicial decision, and coöperative industry. The whole movement amounts simply to this: The common people united at the ballot box to obtain control of the Government, and by means of that they have made more progress toward industrial harmony and justice than any other nation on the globe. The Island Commonwealth has shown the way to the solution of the great problems of wealth diffusion and equalization of opportunity. A new civilization has come. A new age has dawned. New Zealand is the birth place of the 20th Century.



# — PART III —

## CHAPTER 81.

### NEW ZEALAND'S PLACE AMONG THE NATIONS

AS SHOWN BY THE FOLLOWING

#### TABLES OF CIVILIZATION

OR COMPARATIVE GROUPS OF DATA BELONGING TO VARIOUS  
ELEMENTS OF CIVILIZATION.

We may estimate New Zealand's place among the nations by considering her relative development in respect to each of the leading elements of civilization. An attempt to do this to such extent as is reasonably possible with the data at hand is made in the following pages.<sup>1</sup>

It appears that New Zealand leads the world in per capita wealth and income, bank deposits, use of the telegraph, and wages of common labor; also in public ownership and service, harmonization of industry, division of agricultural land, progress toward diffusion of wealth, and equalization of political power. The United States leads in the organization of private industry, the concentration of wealth, rapid increase in the congestion of wealth and industrial control, movement away from the equalization of political power, amount of life insurance, use of the telephone, efficiency of labor in manufactures, and wages of skilled labor. There is strong reason to believe that the United States, New Zealand, and Australia exceed other nations in energy, push, and intelligence, but it has not been possible to find solid ground for distinguishing between the countries named. The United States has manifested enormous energy in the organization of private business, and

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<sup>1</sup> Columns 1 to 44, 50 to 52, and 69 to 80 of the following tables are formed from directly relevant data derived from the highest authorities, such as census returns, and government reports, national, state, and foreign, the Statesman's Year Book, Mulhall's Dictionary of Statistics, Industries and Wealth, etc., etc. The other columns are based on comparative surveys of large masses of fact which for the most part have never been reduced to statistical form and some of which are incapable of precise estimate,—

New Zealand has manifested equal energy in the organization and improvement of public affairs.

Switzerland stands first in elementary education, the proportionate number and amount of savings deposits (excepting Denmark) and the laws and institutions affording the voters continuous and effective control of the government. She ranks next to New Zealand in the movement toward diffusion of wealth and equalization of political power during the last decade. Except Denmark, Switzerland has the largest percentage of population connected with coöperative industries, and in total coöperative development, public and private, she is second only to New Zealand. Switzerland and New Zealand are undoubtedly the most democratic countries of the world, and have the maximum diffusion of education, wealth and power, and the minimum of poverty. Neither has a standing army or navy, yet they differ greatly in their energy, movement, efficiency of labor, wages level, and accumulated wealth.

Great Britain has the best record for coöperative organization in private business. The percentage of population connected with coöperative societies is not so large as in Denmark or Switzerland, or the United States, but the organization that has been effected by British coöperative societies is vastly superior to that attained in any other country. The United Kingdom also stands first among nations in the use of the letter post and the railway passenger service, and high in the use of the telegraph. She has a less enviable position as the country of the greatest concentration of land ownership. With Germany and France, she is a member of the great triumvirate that has carried off the honors in the creation of literature and art.

Till recently Great Britain held the markets of the world,

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the relative moral and æsthetic development of different peoples, for example—wherefore the figures of these columns must be taken merely as suggestions more or less reliable, as the subject does or does not lend itself to tabular treatment. It must not be imagined that any of the figures are absolute. Authorities differ considerably, and even the same authority does not always agree with himself. Mulhall, for example, tho one of the best statisticians, frequently states the same item for the same country and the same year in two or three ways in his different writings. The government reports are not consistent either; the classification varies in different countries and from year to year in the same country. For instance, in dealing with the general use of the telegraph, railway telegrams are excluded in the calculation for the United States, New Zealand, Great Britain, Russia, etc., but in some cases we could not separate the railway telegrams from the general telegraph service. Nevertheless the broad indications of the tables taken in the mass are sufficiently reliable for practical purposes and are of much value in the way of suggesting the strong points and the weak ones, and the possible causes of such strength and weakness.



but the United States is rapidly undermining England's commercial supremacy, and, with Germany, Denmark, Austria, and New Zealand, is even invading her home markets. British officials and colonial Governments make construction contracts with our firms and order railway and other supplies from America in preference to England, because our people can do the work cheaper and in half the time. Lord Kitchener, in 1899, awarded the contract for the iron railway bridge over the Atbara, in Africa, to an American house, because the best English bid required 6 months for the completion of the work, while the Americans agreed to do it in 3 months, and they fulfilled their agreement. Two years ago New Zealand wanted 1000 cars and a number of locomotives on a rush order. English builders could not do the work for three years, while American shops were willing to fill the order in three months, so the Baldwins, of Philadelphia, got the contract. England still holds the ocean, but America threatens her sovereignty even there. The British Empire, with its 11½ million square miles of territory (nearly 4 times the size of the United States) and its 400 millions of population, is the largest aggregation under one government, and tho America will do well to aid the federation of the world in every reasonable way, it is to be hoped our country will not emulate England's method so far as it relates to the subjugation of inferior peoples, the erection of a forceful sovereignty over them, and the creation in the home country of a parasitic class living on imperial appointments and wedded by financial interest to a policy of imperial rule framed primarily for the benefit, not of the governed, but of the governors.

In respect to morals, if civic conscience and public virtue are taken into account along with common honesty, industry and kindness, high ideals of justice and an earnest practical effort to embody conceptions of right and justice in laws and institutions,—if the average of all these qualities is considered in estimating morality, as well as the average of orderliness, tolerance, open-mindedness, love of liberty, etc., there would seem to be no doubt that New Zealand must be awarded the golden medal, for competent observers agree that her people are unsurpassed in average attainment of ordinary virtues, and, in addition to them, they have a public spirit without an equal in

the rest of the world, and an ideal which places justice and manhood above the dollar.

#### COMMENTS ON THE COLUMNS.

*(In the following comments on the various columns of the statistical tables, the figures in parenthesis at the left of the paragraphs indicate the numbers of the columns to which the comments or explanations relate.)*

(1) The area of each country is given in thousands of square miles. It will be noted that Australia is about the same size as the United States, Russia one-third smaller, and Europe a quarter larger. New Zealand is nearly twice as large as New England, but only about one-thirtieth the area of the whole United States.

(2) The population of New Zealand is a little more than (or excluding the Maoris, just about) one per cent of the population of this country. We have about double the population of France, 90 per cent more than the United Kingdom, 40 per cent more than Germany, 30 per cent less than Russia, and one-fifth the population of Europe.

(3) The density of population in the United States is 3 times as great as in New Zealand; and in Massachusetts the density is 44 times that of New Zealand. Belgium has the greatest density of population and Holland next.

(4) The proportion of population residing in cities of 8000 or more is a little less than  $\frac{1}{2}$  in New Zealand, and about the same in the United States. In Massachusetts the urban population amounts to  $\frac{2}{3}$ , and in Great Britain nearly as much.

(5) The percentage of population in cities of 100,000 or more is 0 in New Zealand and Switzerland, 15.5 in the United States, 17 in Northwestern Europe, 29 in Australia, and 31 in the United Kingdom.

(6-7) The splendid rise of elementary education from 1840 to 1900 is one of the most encouraging signs of human progress. The percentage of illiteracy in the United States is kept rather high by the fact that the former slave population of the South has not yet been educated up to the standard of the rest of the country. The illiteracy of our white population is only 6.2 per cent (native whites only 4.6 per cent), while that of the colored population is 44.5 per cent. This percentage, however, is rapidly diminishing. It was 70 per cent in 1880; 57.1 per cent in 1890; and 44.5 per cent in 1900. The percentage of illiteracy in New Zealand among the native whites is practically nothing;<sup>2</sup> and in Switzerland, Germany, Sweden and Norway it is almost nothing for the whole population, and the school attendance is most remarkable.

The provision for the "higher education" is, however, very insufficient even in the most advanced countries. To say nothing of the colleges, there are not seats enough in the high schools to accommodate one-tenth of the children in the lower schools. Even our best communities do not expect to give the vast majority of their children

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<sup>2</sup> The illiteracy in New Zealand is among the Maoris and the old settlers.

TABLE 1.

COUNTRY	AREA in thousands of square miles	POPULATION		URBAN POPULATION	
		Total in thousands	Number inhabitants per sq mile	Per cent of population in cities of 8,000 or more	Per cent of population in cities of 100,000 or more
	(1)	(2)	(3)	(4)	(5)
United States . . . . .	2,970	77,500	26	32.4	15.5
Australia . . . . .	2,972	3,767	1 $\frac{1}{8}$	44.	29.
New Zealand . . . . .	104	845	8	81.	0.
Massachusetts . . . . .	8	2,860	350	67.	31.
Switzerland . . . . .	16	3,355	210	18.	0.
United Kingdom . . . . .	121	41,105	340	62.	31.
France . . . . .	204	38,595	189	28.	12.
Germany . . . . .	209	56,800	272	29.	17.5
Denmark . . . . .	15	2,464	160	25.	17.5
Holland . . . . .	18	5,179	409	86.	16.
Belgium . . . . .	11 $\frac{1}{2}$	6,720	590	87.	17.
Sweden . . . . .	173	5,155	300	15.	8.
Norway . . . . .	124	2,232	180	18	8
Austria . . . . .	116	26,150	120	18.	8.
Hungary . . . . .	125	19,280	153	15.	4.
Spain . . . . .	197	18,254	92	24.	7.
Italy . . . . .	110	32,450	293	22.	7.
Russia in Europe . . . . .	2,095	112,000	54	10.	3.
Turkey in Europe . . . . .	65	6,086	94		21.
Europe . . . . .	3,713	391,000	105		

anything but the rudiments, a mere smattering, nothing like a thoro education. Yet every child has a right not merely to the beginnings of an education, but to a fairly full and thoro education. Commendable progress is being made, however. The proportion of university students is increasing 5 per cent a year in the United States, the same in Holland, 6 per cent in Germany and Belgium, over 7 per cent in Switzerland; and France, Italy, Austria, and Russia are not far behind in their rate of progress. Nevertheless, education is a thousand years behind mechanical and electrical industry. If strong men who are wasting their brains fooling with stocks in Wall street, would set themselves to lift the education of the young, moral, intellectual, physical, and industrial, to a degree of perfection comparable to that attained by our rolling mills, locomotives, telegraphs, etc., we should soon have a civilization worthy of the name.

TABLE 2.

COUNTRY	EDUCATION				FINANCE	
	Per cent above 12 years able to read and write			Per cent of population in school	Net wealth per inhabitant	Annual income per inhabitant
	(6)					
	1840	1890	1900	(7)	(8)	(9)
United States . . . . .	80	87	90	14.	\$1,300	\$210
Australia . . . . .			91	14.	1,350	215
New Zealand . . . . .		93	96		1,500	220
Massachusetts . . . . .		93	94			
Switzerland . . . . .	80	95	99	20.	850	110
United Kingdom . . . .	59	90	94	14.	1,400	180
France . . . . .	47	85	95	17.	1,300	155
Germany . . . . .	82	96	99	15	800	115
Denmark . . . . .					1,150	
Holland . . . . .	70	86	90	14.5	1,060	115
Belgium . . . . .	45	80	88	13.5	830	135
Sweden . . . . .	80	97	99	14.	700	140
Norway . . . . .		97	99	14.	500	120
Austria . . . . .	21	55	69	14.	525	90
Hungary . . . . .						
Spain . . . . .	14	28	42	10.5	700	80
Italy . . . . .	16	47	56	9.	520	70
Russia in Europe . . .	2	15	22	3.	300	50
Turkey in Europe . . .						
Europe . . . . .			60	10.	700	95

(8-9) New Zealand heads the list in respect to income per capita and accumulated wealth. The \$1500 wealth per inhabitant is net wealth after deducting the debt New Zealand owes to England. Net wealth per capita is very high also in Australia, Great Britain, the United States, France, Denmark and Holland. The contrast between \$300 per head in Russia and \$1500 in New Zealand is very striking. The accumulation of wealth is most rapid in Australia and New Zealand. According to Mulhall, the "average annual accumulation has been \$100, or more than double that in the United States, where it has never exceeded \$42."

(10-11) The use of the Post Office is about equal in New Zealand and the United States. The total was somewhat higher in the United States till the recent orders cutting down second-class matter. The contrast between 3 pieces handled by the Turkish Post Office per

year for each family and 560 pieces per family<sup>s</sup> handled by the Swiss Post Office is tremendous.

Taking wide areas the postal statistics tell the story of civilization with great emphasis:

	Number of pieces handled by the post per inhabitant per year
Asia .....	1
Africa .....	1½
South America.....	9
Southern Europe.....	12
(Less than 1 in Turkey.)	
Northwestern Europe.....	75
United States and New Zealand.....	96
United Kingdom and Germany about the same; Switzerland a little more (112), owing to the great number of travellers who visit her and dwell for weeks and months in her cities and towns.	

The data for Australia are not at hand. The colonies were united in the Commonwealth January 1, 1901, and I have not obtained the figures for the business of the Federal Post Office. The united business of the colonies was estimated at 99 per capita a few years ago, but in the inter-colonial mails the same letters and papers were handled by two or more post-offices and the difficulty of making allowance for that deprives the estimate of any great reliability for purposes of comparison. The number of pieces in the United States has been stated sometimes as high as 170 per capita, but that was obtained by taking the sum of pieces "received and sent," which contains duplications, making it nearly double the total number of different pieces handled by the post. I have taken the number of pieces handled as given by the Postmaster General in his report for the year ending June 30, 1901, p. 38.

In Congo it takes a thousand people to write two letters and read four newspapers a year. The same number of persons in New Zealand or the United States use the mails sixteen thousand times as much.

(12) The use of the Government telegraphs in New Zealand amounts to 5 telegrams per year for each inhabitant against less than 1 per inhabitant on the private corporation lines in the United States. The use of the State telegraphs in Australia, Great Britain, France, Switzerland, Holland, Belgium and Norway is also greater than the telegraph traffic in our country.

(13-14) Sweden and Norway are the best telephoned nations in the world, and Switzerland next; but the *use* of the telephone is greatest in the United States, and the figures for Massachusetts far exceed any of the national averages, both in the number of telephone exchange stations per thousand of population and the annual number of conversations per inhabitant.

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<sup>s</sup> The figures of the table are per individual, and if the average family contains five persons, the family data would be as here stated.

TABLE 3.

COUNTRY	POST AND TELEGRAPH			TELEPHONES		RAILWAYS	
	Letters and post cards per capita	Total pieces mail per inhabitant	Telegrams per 100 inhab- itants	Stations per 1000 inhab- itants	Conversa- tions per inhabitant per year	Passenger journeys per inhabitant per year	Tons of freight per inhabitant per year
	(10)	(11)	(12)	(13)	(14)	(15)	(15a)
United States	55	96	98	11½	30	7 82	15.2
Australia . . .			242	7		28	4.
New Zealand	52	96	500	10		17	4 5
Massachusetts				25	51	38	14.3
Switzerland .	56	112	100	12½	8	16	4.4
United King..	66	92	210	5⅞	17	34	10.2
France . . .	30	71	116	2	5	12	3.2
Germany . . .	50	95	81	5⅞	12	15	4.6
Denmark . .	40	76	98	11	22		1.3
Holland . .	31	60	104			10	2.1
Belgium . . .	31	73	100	2½	6	20	8.
Sweden . . .	27	54	50	16	26	3.2	4.
Norway . . .	26	56	100	16	22	3 25	1.
Austria . . .	40	51	50	1	3 6	5.5	4.5
Hungary . . .	16	26			2	3 3	2 2
Spain . . . .	9	20	30	1			.1
Italy . . . .	12	25	28	½	3	18	.7
Russia in Eur.	5	8	18	⅓	1	0 96	1.2
Turkey in Eur.	0 5	0.7	14				
Europe . . . .	24	40	70				
Congo . . . .	0 002	0.006					

(15) The annual number of railway passenger journeys per inhabitant is small in the United States as a whole compared to the average in New Zealand, Australia, Great Britain, Switzerland, etc., but the figure for Massachusetts exceeds even that of Great Britain, which has the highest national record. The passenger traffic for New Zealand, as given in the Year Books, does not include the season-ticket journeys, and counts the round-trip tickets as one journey each instead of two,—in other words, the figures represent tickets sold and not journeys. The full data given in the Government Railway reports show about 17 passenger journeys per inhabitant.

In the case of Great Britain the figures ordinarily quoted exclude the trips of season-ticket holders. There are no data to show the number of trips to the ticket as in the case of the principal groups

of New Zealand season tickets, but the receipts for season tickets were about one-tenth of the ordinary passenger receipts, and the number of ordinary passenger journeys was 1,142,277,000 in 1900, or about 30 per capita. The season tickets are usually for short journeys and at rates much lower than the ordinary. For a double reason, therefore, every thousand dollars of receipts for season tickets represents many more journeys than a thousand received for ordinary tickets. Wherefore, altho a smaller proportion of season tickets belong to third-class travel than is the case with ordinary tickets, it still seems quite moderate to add  $1/7$ , or 4 journeys per inhabitant, on account of the "1,749,804 season-ticket holders." If this is fair, the total for the United Kingdom would be 34 journeys per inhabitant.

The big traffic in Massachusetts and Great Britain is doubtless due in large part to the high ratio of city population. Multitudes of people use the railways to go in and out of the city to and from work every day. The same remark applies to some extent to Australia. The division of the railways into state systems across the main lines of travel between the cities of Melbourne, Sydney, and Adelaide also lifts the ratio of travel. A passenger going from Sydney to Melbourne, for example, is counted in the railway returns of New South Wales, and also in those of Victoria. But after all allowances are made the travel in Australia is still very remarkable.

In some countries a considerable part of the passenger traffic is due to foreign tourists, and not to home activity. This is specially true of Italy and Switzerland and Belgium and in some degree of France and Germany.

(15a) The freight movement in New Zealand is very large, but as nearly the whole population is located on or close to the coast, an unusual proportion of the total tonnage goes by water. Moreover a ton shipped on the New Zealand railways is counted but once, since the roads are practically all in the same hands; whereas in this country the same ton is counted by each railway system over which it passes. Our figure would be only 7.4 tons per head if each ton were counted but once.

(16-21) Per capita bank deposits of all classes are highest in New Zealand; but savings bank deposits alone are highest in Denmark, Switzerland and New Zealand in the order named. In ordinary life insurance (the field in which the New Zealand Government is active), New Zealand heads the list (see chapter 64), but including all sorts of life and health insurance, the enormous development of *mutual* insurance in the United States places this country far ahead of all other nations.

(For further comments on the subjects of these columns, see chapters 15, 19, 42, 43 and 64.)

(22) New Zealand has the lowest national death rate in the world. Some few parts of the United States have a lower rate,—Idaho, Nebraska, Wyoming, Oregon, and Oklahoma about 8 per 1000, and the Dakotas 7,—but the great majority of our states, especially those containing large cities, have a much higher death rate than New Zealand. Every one of the Australian colonies has a higher rate also,

TABLE 4.

COUNTRY	SAVINGS BANKS			ALL BANKS	
	Deposits per inhabitant		No. of Depositors per 100 inhabitants	Deposits per inhabitant	
	1890 (16)	1901 (17)		1890 (18)	1901 (20)
United States . . . . .	\$22	\$35	7	\$82	\$110
Australia . . . . .	21	88	22		
New Zealand . . . . .	26	40	28	120	140
Massachusetts . . . . .					
Switzerland . . . . .	40	60	40	61	
United Kingdom . . . .	13	25	22	98	125
France . . . . .	15	24	24	31	
Germany . . . . .		22	14		
Denmark . . . . .	52	65	47	100	
Holland . . . . .	7	11	18		
Belgium . . . . .	10		19		
Sweden . . . . .	15	23	32	30	50
Norway . . . . .	26			29	
Austria . . . . .	16	20	11		
Hungary . . . . .				20	
Spain . . . . .	.5	1	5	53	
Italy . . . . .	12	15	15	26	
Russia . . . . .	.5	3	2		
Turkey . . . . .					
Europe . . . . .	9	14	13		
World . . . . .	.7	1	3		

and every nation in Europe, the figures for many of them being more than double, and that for Austria-Hungary running up to nearly three times the New Zealand rate.

It is gratifying to note how much the death rate has fallen in almost every country in the last ten years. The average length of human life is increasing.

The figures of the middle column relate to 1899, except for New Zealand and Massachusetts, whose figures are for 1900.

(See p. Ivij U. S. Census, 1900, Vol. I, Vital Statistics; Mulhall, 4th edition; and N. Z. Year Book, 1901.)

(23-25) Mulhall says in his Dictionary of Statistics: "One farming hand in the United States raises as much as two in the United Kingdom, three in Germany, five in Austria, and seven in Russia."



TABLE 5.

COUNTRY	LIFE INSURANCE (21)		DEATH RATE (22)		
	Amount of substantial life insurance per inhabitant	No of policies per 1000 inhabitants	Deaths per year per 1000 inhabitants		
			1890	1899 to 1900	Average for ten years
United States . . . . .	\$196	206	19.6	17.8	18.
Australia . . . . .	130	80	15.8	12.7	
New Zealand . . . . .	143	105	10.	9.4	9.8
Massachusetts . . . . .				17.7	
Switzerland . . . . .	26		20.8	17.6	19.
United Kingdom . . . . .	95	50	19.5	18.3	18.5
France . . . . .	20	9	22.6	21.1	21.6
Germany . . . . .	32	20	24.4	21.5	22.5
Denmark . . . . .			19.	17.5	17.7
Holland . . . . .			20.5	17.1	18.6
Belgium . . . . .			20.6	18.8	19.2
Sweden . . . . .	17		17.1	17.6	16.4
Norway . . . . .			17.9	16.8	16.5
Austria . . . . .	14		29.4	25.4	27.1
Hungary . . . . .			32.4	27.	30.8
Spain . . . . .					
Italy . . . . .			26.4	22.1	24.6
Russia . . . . .	2				
Turkey . . . . .					
Europe . . . . .					
World . . . . .					

There is, in fact, a prodigious waste of labor in most countries of Europe. The number of farmers and farm laborers in Europe is just nine times that of the United States, while the weight of food raised is only double; that is, it takes  $4\frac{1}{2}$  Europeans to raise as much food as one American."

In manufactures and constructive work, one American, with our machinery and organization, produces as much on an average as two Englishmen or four Spaniards; one Englishman is equal to 2 Russians or  $1\frac{1}{2}$  Italians; and 2 Englishmen accomplish as much as 3 Frenchmen or Belgians.

If the hours of labor are taken into account, the difference in efficiency is even greater than the table indicates. Taking the cotton industry, for example, a mill in Bohemia, where the hands work

TABLE 6.

COUNTRY	EFFICIENCY OF LABOR			AVERAGE WAGES		
	Tons of food products per farm hand	Relative efficiency in agriculture	In manufactures and construction	Ordinary labor		Normal wages of skilled labor
				Farms	Towns	
	(23)	(24)	(25)	(26)	(27)	(28)
United States . . . . .	14 5	4.6	10.	\$1.00	\$1 25	\$2 50
Austria . . . . .				1.25	1.50	2 10
New Zealand . . . . .			8.5	1.35	1.75	2 25
Massachusetts . . . . .				1 25	1 50	3.00
Switzerland . . . . .			3.	.50	.60	1.00
United Kingdom . . . . .	7 2	2 6	5.	.75	1.25	1.75
France . . . . .	5 7	1 8	3.	.50	.60	1.20
Germany . . . . .	5.3	1 7	2.8	.40	.75	1.00
Denmark . . . . .	8.2	2 6	3.1	.50	.80	1.00
Holland . . . . .	6 1	1 9	2 6	.40		
Belgium . . . . .			3.	.30	.50	90
Sweden . . . . .	} 2 7	.8	1 6	.27	.55	.80
Norway . . . . .						
Austria . . . . .				.20	.50	.70
Hungary . . . . .						
Spain . . . . .	3 8	1.2	2.4	.30	60	
Italy . . . . .	2 2	.7	2 0	.30	.60	.70
Russia . . . . .	2.2	.7	1 5	.14	28	
Turkey . . . . .						
Europe . . . . .						
World . . . . .	3.2	1.	2.			

12½ hours a day, requires 41¼ hours, or more than 3 days, to produce as much per employee as an English mill will turn out in one day of 9 hours; that is, the product per English hour is 4½ times the product for each Bohemian hour. The wages in the Bohemian mill average 26 cents per day of 12½ hours for male and female employes, and 86 cents is the average for 9 hours in the English mill. In railway construction it is found that Englishmen are worth nearly twice as much per head as Frenchmen working side by side, Scotch labor is more productive than English, and American still higher up the scale.

It will be noted that altho wages are much higher in the United States than in Europe, especially for skilled labor, yet the efficiency of well paid and well fed labor is so great that the product per worker rises still faster than the wages, so that the labor cost of goods

where wages are high is actually lower on the average than where wages are low. That is why America can compete with Europe's low-paid workers in their own markets.

The superiority of American labor is partly due to the moral and intellectual atmosphere in which the workers live; the social and psychologic conditions; the possibilities that lie open to them, the hopes that inspire them, the modes of thought and habits of work of those about them. I was told in Berlin of a German workman who was brought to America and became a most energetic and efficient worker here. He was then transplanted by the firm to their factory in Germany with the hope that he would teach American ways to the workers over there. But the old world atmosphere was too much for him, and instead of lifting his companions to his new level, they dragged him down to his old style of life and labor. In Great Britain the trade-unions are accused of limiting production in some instances. I was told, for instance, by a very high authority that a bricklayer is sometimes limited there to 300 bricks a day, while an American will lay 1200.

The high average income in New Zealand would indicate an average efficiency of labor quite equal to ours in view of the similarity as to the percentage of population engaged in gainful occupations. Nothing like complete data are obtainable, however, and the figures for manufactures give a somewhat lower efficiency than in this country tho considerably above the English level. Our superior machine power and business organization give us a clear lead in manufactures.

There is no question but that the United States is far in advance of other countries in productive power, and if it were not for our parasites in city slums and stock-exchanges, etc, our product and income per inhabitant would be the greatest in the world. But New Zealand, with a lower productive power and fewer parasites, excels us in per capita income.

(26-28) The relatively high wages of ordinary labor in New Zealand, and of skilled labor in the United States, appear in these columns and are still more clearly brought out in columns 69 to 80. In all comparisons it must be remembered that in New Zealand and Australia the \$1.25 to \$1.75 for ordinary adult labor (carpenters, bricklayers, stone-masons, painters, plumbers, watchmakers, etc.) is for an 8-hour day, while in other countries the hours are usually 10 to 14 and sometimes in Europe even 16. In this country, however, even allowing for the difference of hours, skilled labor is better paid than anywhere else. If the salaries of managers could be tabulated, the high payment for skill in the United States would receive additional emphasis. The tendency in New Zealand is toward equalization. The wage scale here runs from \$100 to \$1,000,000 a year and the constantly ascending maximum indicates a strong tendency to wide differentiation. There is, however, a counter movement; the trade-unions tend to equalize pay in trades where their organization approaches completeness, and as the unions combine in larger associations it is probable that further equalization will take place between the different trades. Coöperative indus-

TABLE 7.

COUNTRY	FOOD AND DRINK				INTOXICANTS			
	Annual expenditure per head for food and drink	Per cent that goes for meat	Consumption of meat, lbs per head	Per cent that goes for liquors	Average consumption of liquors, gallons per head			
	(29)	(30)	(31)	(32)	Wine (33)	Beer (34)	Spirits (35)	Total reduced to proof spirits (36)
United States .	\$40	25	125	14	.63	17.5	1.4	3.75
Australia . . .	28	25		14	1.1	11.	.86	2.70
New Zealand .	32			8	.14	8.70	.68	1.80
Massachusetts .								
Switzerland . .	35	25	75	10	15.	11.5	1.3	4.50
U. K.—{ G. B.	51	24	115	20	4	30	1.	3.30
{ Ireland	28							
France . . . . .	42	20	75	14	26	5	1.9	6.5
Germany . . .	37	18	74	14	1.2	24.	1.9	3.8
Denmark . . .	38	20	65	12				
Holland . . . .	40	13	55	11	.4	10.5	2.	2.60
Belgium . . . .	40	18		17	.9	41.5	2.1	5.30
Sweden . . . .	30	25		12	.2	9.5	2.	2.60
Norway . . . .	28							
Austria . . . .	28	19		15	3.1	9.	2.3	3.1
Hungary . . .			50					
Spain . . . . .	30	20		25	18.	1.4		3.2
Italy . . . . .	25	12		23	20.5	.1	.3	3.6
Rus. in Europe	18	22	50	6	.4	9	1.1	1.2
Turkey . . . .								
Europe . . . .		20		15				

try has a powerful tendency towards equalization. All over Europe I found that the wages of labor were higher and the salaries of officials lower in coöperative industries than in similar competitive industries in the same localities. And this was not due to any inferiority of the managers of coöperative business. They are, on an average, the finest group of business men in the world.

(29-36) Questions of food and drink are of great importance. The vital forces of a people depend very largely on their nourishment. The fact that Great Britain uses 115 pounds of meat per inhabitant, and that we consume 125 pounds per head, while the people of Eastern and the United States. The total was somewhat higher in the United to the fact that in energy and business push the United States stands far ahead of Europe, and England and Scotland away ahead of the

Continent. Besides the 125 pounds of beef, mutton, and pork, we devour 28 pounds of fish per capita, and an unknown quantity of poultry and game. Europe has 11 pounds of fish, and Great Britain 40 pounds per inhabitant. We have been known to eat 160 eggs apiece, while Great Britain stops with 91. We replenish our sweetness with 65 pounds of sugar per individual against 35 in Great Britain and Switzerland, 28 in Germany, 20 in Denmark and 15 in Russia. Our consumption of grain is also large, but we do not patronize potatoes much as compared with European countries— $3\frac{1}{2}$  bushels per capita here, 7 in the United Kingdom, 13 in France, and 24 in Germany. A considerable part, however, of the German quota of potatoes is absorbed in the form of cheap brandy.

We have no satisfactory data for New Zealand under this head, and the figures given for other countries are probably no more than rough approximations. An accurate comparison of the amounts of nutriment taken by different peoples would be of great interest, but so far as we know the materials for such a comparison have not been collected. Within the same race the relation between efficiency and diet is quite apparent. But the rule seems to fail as between one race and another. The Chinese can work hard on a diet that would make a white man's stomach go into insolvency or petition for a receivership.

One of the most interesting facts brought out by the columns under discussion is that in some of the countries having the best and fullest diet the expenditure for food and drink is less than in some countries much more poorly nourished. There is a vicious circle; poor food, low energy, small wages, small product, high prices, low nourishment: and a golden circle; good food, high energy, good wages, large product, low prices, full nourishment.

The small per cent of palate expense that goes for liquor in New Zealand and Switzerland is noticeable. The amount of alcohol consumed per head is very low in New Zealand and very high in Switzerland, France, etc., owing to the cheap wines so popular with the common people in Switzerland, France, and Italy.

(37-39) Pauperism and crime should be taken into account in estimating civilization, but the data are very unsatisfactory. Mulhall gives 26 paupers per thousand inhabitants for the United Kingdom, 8 for France, 7 for Germany, 20 for Holland, 48 for Sweden, etc., but in some cases the figures represent complete and hopeless pauperism, while in others they relate to all persons assisted by public or private charity. We have taken in all cases the persons assisted, so far as we can get data. But here again we are met by the fact that the same person is frequently helped by two or more societies and so gets counted two or three times in the returns. Holland's 46 per thousand, for example, is probably double the true figure. *The figures in the table are per hundred of population, not per thousand, as in this citation from Mulhall.* The returns for the United States are by no means complete, and our figure is probably below the truth.

The proportion of persons in prison may indicate the tendency to crime, or the degree of strictness in punishing wrong-doing, or both.

TABLE 8.

COUNTRY	PAUPERISM	CRIME AND CRIMINALS	
	Number of assisted persons per 100 of population (37)	Prisoners per 1000 of population (38)	Convictions yearly per 1000 inhabitants (39)
United States . . . . .	15	132	*
Australia . . . . .	.	150	
New Zealand . . . . .	1.	6	
Massachusetts . . . . .			
Switzerland . . . . .		107	
United Kingdom { G B . } { Ireland }	4	.46	
France . . . . .	4	1.	
Germany . . . . .			
Denmark . . . . .		.8	
Holland . . . . .	16	81	
Belgium . . . . .		.7	
Sweden . . . . . } Norway . . . . . }	48	.4	
Austria . . . . .	21	.5	
Hungary . . . . .		.4	
Spain . . . . .			
Italy . . . . .	84	237	
Russia in Europe . . . .		155	
Turkey . . . . .			
Europe . . . . .			

The extent to which reformatories are developed also produces a marked effect on prison statistics unless their occupants are included in the prison population, as they are in some countries, Italy, for example.

\* The data in respect to convictions are framed on such different bases in different countries that no fairly comparable figures can be given. The reported number of convictions per thousand of population may or may not include convictions in the police courts; may relate only to crimes or to the total of crimes and minor offenses, etc. How different the data may be for the same country with different methods will appear from a few illustrations. In New Zealand if we take the number of convictions in the upper courts we have .35 to .5 per year per 1000 of population; if we take all convictions we have 18. to 25. per year per 1000; and if we take the number of persons yearly put in

prison we have 2.7 per 1000. For the same year that New Zealand had 18 convictions per thousand of inhabitants, Victoria had 23, Tasmania 23.4, South Australia 16.8, Queensland 25.7, New South Wales 36, and West Australia 44. Even where the basis of the returns is the same in two or more countries the differences in the data may represent different degrees of laxity or strictness in the law or its enforcement rather than a difference in morality. In France, for example, the convictions are 17 per thousand; in Hungary 9, and in Italy only 11; yet all these countries are less moral than the Australian colonies. The fact is simply that many things that go unpunished in these countries would not be tolerated in Australia.

The ratio for crime is rising; that is, convictions are increasing faster than population, in nearly all countries: France, Germany, Holland, Denmark, Norway, Russia, Italy, Australasia and the United States.

(40-44) (48) The coöperators of Great Britain did a business last year (1901) of more than \$400,000,000 with \$45,000,000 of profits. In the last 40 years they have done over 6 billion dollars' worth of business with 565 million dollars of profits, which have remained in the hands of the working people instead of going to build the fortunes of monopolists. There are over 2,000,000 members of coöperative societies in the United Kingdom and more than 2½ million in Germany. If we multiply the membership by 4 to get the total number of men, women and children connected with coöperative industries, we shall get 20 per cent of the population in the United Kingdom and Germany, 50 per cent in Switzerland and 60 per cent in Denmark.\* The organization on the Continent, however, is by no means so complete as in England and Scotland. Continental coöperation consists for the most part of peoples' banks and grocery stores which are not well federated; whereas, in Great Britain there is not merely coöperation among the members of productive and distributive societies, but the societies themselves coöperate, having formed great Wholesale Associations and a Coöperative Union, which include nearly all the societies in the country. This is coöperation raised to the second power, and makes the movement immensely stronger than on the Continent. The Continental coöperators are making vigorous efforts to federate and establish wholesale societies on the English plan. Coöperation is growing at the rate of 40 per cent in 5 years in Great Britain, 50 per cent in 5 years in Switzerland, 50 per cent in 4 years in Germany, and 50 per cent in 3 years in Holland.

In the United States also it is growing very fast. As the result of the work of one Professor, T. L. Haecker, of the University of

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\*The same method applied to the United States gives 50 per cent of the population as connected with some form of coöperation, mutual insurance, building and loan association, coöperative store or productive plant, etc. This certainly seems too large a figure, and these percentages are probably above the fact along the whole line, the reason being that the same individual often belongs to two or more coöperative groups, and is, therefore, counted twice in summing up the total coöperative membership. Then, when this overlarge membership figure is multiplied by 4, the error in it is multiplied as well as the truth, and the resulting percentage is considerably too high.

TABLE 9.

COUNTRY	COOPERATIVE INDUSTRY				
	Number of cooperative societies  (40)	Annual Business		Member- ship in millions  (43)	Per cent of families con- nected with cooperative enterprises  (44)
		Ordinary, millions  (41)	Banking and insurance, millions  (42)		
United States . . . . .	18,000	150.	450	9.	50.
Australia . . . . .					
New Zealand . . . . .					
Massachusetts . . . . .					
Switzerland . . . . .	3,400	40	40	1 6	50.
United Kingdom . . . . .	3,000	400.		2. 1	20.
France . . . . .	4,500	72	8	1. 1	11.
Germany . . . . .	18,200	75.	850	2.5 1	20.
Denmark . . . . .	2,500	50		.35	60.
Holland . . . . .	2,000	12.		.3	22.
Belgium . . . . .	2,260	15.	18	.27	15.
Sweden . . . . .	324	2.		.04	2
Norway . . . . .					
Austria . . . . .	5,930	38.	406	.7	11.
Hungary . . . . .	1,200	4.	6	.17	3.4
Spain . . . . .	260	1 5		.08	.7
Italy . . . . .	4,500	28.	175	1.	12.
Russia . . . . .	1,950 Artels and land coop.	8 5	14	.14	
Turkey . . . . .					
Europe . . . . .					

Minnesota Dairy School, 600 creameries have been organized on the coöperative plan in Minnesota in the last 10 years; 6/7 of all the creameries in the State are coöperative, with a membership of 50,000 farmers. Out of 50 creameries in Massachusetts 28 are coöperative. There are altogether about 3800 coöperative creamery associations in the United States with something like 300,000 members and a production of \$80,000,000 a year. Then there are farmers' purchasing and distributing societies with 500,000 members. Fruit growers' coöperative organizations have been formed in nine states with about 100,000 members. One society, the Southern California Fruit Exchange, is doing a business of \$9,000,000 a year. There are also coöperative saw-mills, starch factories, canning factories, grist-mills, grain elevators,



etc. A large number of cooperative telephone exchanges flourish in the rural districts of the Middle West. Store coöperation is very weak; only about 200 in the whole country, with about 60,000 members and 7 millions of business,—a tremendous contrast to the 5000 coöperative stores of the United Kingdom, with nearly 2 million members and 400 millions of business, in a nation with only about half our population.

When we pass to cooperative credit and insurance, the United States takes a leading place. We have 5302 cooperative credit associations, with  $1\frac{1}{2}$  million members doing 330 millions of business per year. And there are about 3,800 coöperative insurance societies, life, accident, fire, hail, etc., with something like 7 million members and 120 millions of premium receipts per year. The figures of the table, except as indicated in note 4, are below the truth for the United States.<sup>5</sup> Coöperative insurance and the form of cooperative credit, known as building and loan associations, have attained phenomenal proportions in the United States.

New Zealand is full of the coöperative spirit which, however, manifests itself chiefly in the broad form of public industry. There is also a considerable amount of ordinary coöperation in dairying, farming, manufacturing and merchanting, but the statistics have not been collected.

\*The case of Russia is most interesting in this connection. The country and about everything in it is controlled by the Royal family, the nobles, and the clergy, forming altogether about 2 per cent of the population. Over 80 per cent of the people are peasants. About  $\frac{1}{4}$  of the peasants are farmers and the rest are mere laborers. Formerly half the peasants were serfs. They were emancipated in 1861 and small allotments of land were given them, but the lots were too small for subsistence, and the taxes sometimes amounted to 185 to 275 per cent of the normal rental value of the allotments. Multitudes of people left their homes, cattle disappeared, and more than half the adult males, in some districts  $\frac{3}{4}$  of the men and  $\frac{1}{3}$  of the women, have left their homes year after year in the dull season, and wandered over Russia in search of work. In spite of all this there is a great deal of coöperation among the common people. All over Russia land occupied by the village communes, whether it belongs to the Crown or a noble or other owner, is held by the village as a common possession, and divided up among the people according to the number of labor units in each family. The decisions in the village council are given by the general assembly of all the householders, women being admitted on an equal footing with men. Russia is also full of family "artels," or coöperative groups of 10 to 50 persons occupying a house together and sharing the expenses. There are many business artels also, engaged in hunting, fishing, trading, building, etc. Some artels are the permanent owners of workshops, others are associations of workers without a plant of their own. They

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<sup>5</sup>For further information see articles on Coöperation in Europe and America by the present writer in *The Arena* for July and August, 1903.

TABLE 10.

COUNTRY	ORGANIZATION OF INDUSTRY				
	Relative rank as to organization in private industry		Relative rank as to public ownership and services	Degree of cooperation public and private	Approach to industrial peace
	Cooperative (45)	Not fully Cooperative (46)			
United States . . . .	5	.4	1 09	1 8	15.
Australia . . . . .		.1	2.00	3	45
New Zealand . . . . .	.1	.3	1 10	4 50	99
Massachusetts . . . .					
Switzerland . . . . .	5	1	2.95	3 2	40.
United Kingdom . . .	1.	1.5	1.45	2 6	20.
France . . . . .	.3	1.1	1 15	1 55	18.
Germany . . . . .	.4	1.2	2.30	2.82	16.
Denmark . . . . .	.5	1.1			15
Holland . . . . .					
Belgium . . . . .	.35	1.	2 30	2 75	12.
Sweden . . . . .					
Norway . . . . .					
Austria . . . . .	2	.6	1.80	2.06	
Hungary . . . . .					
Spain . . . . .					
Italy . . . . .	.3	.8	1	1 38	3
Russia . . . . .	4		*		
Turkey . . . . .	.00	01	.2	3	
Europe . . . . .					

present an endless variety in size and economic character. Contractors always prefer to deal with an artel. Every artel accepts work and makes engagements as a body. The work undertaken is distributed among the members by the society. Incompetency and laziness meet with no toleration. Artels flourish all over European Russia. It is clear that the percentage of cooperation among the common people of Russia is considerable, but we have no definite data except in regard to 1950 coöperative stores.

This matter is dwelt upon at some length because coöperation is the basic principle of civilization and social progress.

(45-49) These columns are intended to show in a broad way the relative condition of the various countries in respect to the organization of industry, and the elimination of industrial conflict. A circle was drawn to represent the total industries of each nation, and the indus-

tries that are public or coöperative were platted on the circle in proportion to their volume in relation to the whole industrial system of the country; then taking private cooperation in Great Britain as a unit, the coördination of industry in other countries was judged by that standard.

Column 46 represents organization not fully cooperative. The trusts, for example, do away with large blocks of conflict among manufacturers and groups of business men, and constitute a great advance in organization, but they are coöperative as yet only on the inside.

The approach to industrial peace is a function of public ownership, cooperation, profit sharing, collective bargaining, development of industrial arbitration, and due influence and representation of the working classes in the Government, so that justice may be done and the causes for conflict eliminated. New Zealand's immunity from strikes and lockouts for over 8 years under her arbitration law ranks her far ahead of all other nations in respect to industrial peace. And when her development in coöperation is equal to her development in arbitration, she will have industrial harmony as well as industrial peace.

(50) The data as to the average size of estates relate to farms. In Australia and New Zealand wide areas are held as sheep runs on lease from the Government. In 1880 the average freehold estate in New Zealand was 167 acres, and the average sheep run was 12,000 acres. In Queensland the average freehold was 478 acres and the average sheep run 36,000 acres. In West Australia the average freehold was 950 acres and the sheep run was 5,300. In South Australia the average freehold was 296 acres, and average sheep run 78,000. In Victoria the freehold was 321 and the sheep run 23,300; and in New South Wales the freehold was 634 acres and the sheep run 30,700. In New Zealand 10,000 squatters held 12,000,000 acres of pasture, and 24,000 land owners held 4,100,000 acres of freehold. In New South Wales 40,000 owners held 25,500,000 acres of freehold and 4,300 squatters held 133,200,000 acres of pasture.

In estimating the percentage of the population holding agricultural land it seems fair to add the number of persons leasing farming lands from the State on the perpetuity system to the number of freeholders. This gives 15 per cent for New Zealand as compared with 8 per cent in the United States and  $\frac{1}{2}$  of 1 per cent in the United Kingdom.

Some years ago it was stated in the British Parliament that 710 persons owned  $\frac{1}{4}$  of England, 70 men owned  $\frac{1}{2}$  of Scotland and 13,000 (or a little more than one-thirtieth of 1 per cent of the population) owned  $\frac{2}{3}$  of the whole United Kingdom.<sup>9</sup>

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<sup>9</sup> Westminster Review, Vol. 144, p. 631, December, 1895, citing an address made in 1891, by the chairman of the Liberal Association at Glasgow, who also stated that "during Victoria's reign 1,225,000 persons have died of famine, 3,668,000 have been evicted by landlords, 4,186,000 have emigrated by necessity. During the last 20 years, 1,000,000 acres of land have gone out of cultivation. During the last 10 years £60,000,000 (\$300,000,000) have been paid to landlords for mine rents and royalties."

TABLE 11.

COUNTRY	CONCENTRATION OF WEALTH		
	Average area of estates (farming land) acres (50)	Number of persons holding agricultural land - per cent of population (51)	"Upper Crust" Per cent of families holding half the wealth (52)
United States . . . . .	134	8%	1%
Australia . . . . .	380	5	
New Zealand . . . . .	150	15	3
Massachusetts . . . . .			1½
Switzerland . . . . .			
United Kingdom . . . . .	390	5	1¼
France . . . . .	32	9	
Germany . . . . .	37	5	
Denmark . . . . .	115	3	
Holland . . . . .	45	3½	
Belgium . . . . .	19	5	
Sweden . . . . .	300	4	
Norway . . . . .	200	3¼	
Austria . . . . .	20	14	
Hungary . . . . .			
Spain . . . . .	95	4¼	
Italy . . . . .	36	4	
Russia . . . . .	31	11	2
Turkey . . . . .			
Europe . . . . .	48	8	

The land is in fewer hands in England than anywhere else, tho the congestion of ownership is sufficiently great all over Europe.

In some countries it is not so intense as it was. In 1859 about 22,000 nobles in Prussia held 37,900,000 acres, or nearly half the cultivated lands of the kingdom, and the crown held 11,200,000 acres more, making a total of 5¼ of the land in the hands of 1 per cent of the families. In the next ten years, however, the holdings of the nobles were reduced by 16,700,000 acres, broken up into farms for the peasantry. An account of eight provinces of Russia for 1880 shows 13,000,000 population and 91,000,000 acres, of which 24,740 nobles held 25,000,000, the crown 12,090,000 and 10,800 citizens 4,070,000, leaving 49,740,000 acres for the rest of the 13 million people, it being held, in fact, by 1,770,000 peasant families. A little more than 1 per cent of the families in the provinces held 40 per cent of the land. Turning

to England again, we find that in 1688 she was a nation of small properties,  $\frac{3}{5}$  of the agriculturalists having property interests in the soil. To-day  $\frac{4}{5}$  of the agriculturalists are hired laborers. The concentration of ownership is phenomenal.

(52) Considering all sorts of wealth the congestion is greatest in the United States, where 1 per cent of the people own over  $\frac{1}{2}$  the total wealth, or more than all the rest of the people (99 per cent) put together, and 50 per cent of the people own practically nothing beyond their small supply of household goods. Our wealth, however, is so great and part of it so well diffused that the middle and artisan classes are much better off on an average than in European countries in spite of the tremendous aggregation of wealth in the hands of our multimillionaires. A few years ago it was estimated that we had some 4000 millionaires and multimillionaires, owning about  $\frac{1}{4}$  of the wealth of the nation, while the United Kingdom had 10,000 millionaires holding about  $\frac{1}{4}$  of the wealth. The data for the conclusion that 1 per cent of the families in this country own more than 50 per cent of the wealth will be found in Dr. Spahr's "Distribution of Wealth."

In Massachusetts the probates for 1889 to 1891, as tabulated in the report of the Labor Commissioner for 1894, give 14,608 inventoried estates, and something over 10,000 for which no inventory was filed; 500 of the 14,608 were estates of \$50,000 and over, aggregating \$85,179,416. The total amount of the 14,608 estates was \$155,558,788. The total number of adult deaths in Massachusetts during the 3 years named was a little over 60,000. If the 10,000 estates for which no inventory was filed averaged substantially the same as the 14,608 inventoried estates, about 800 persons out of 60,000 owned more than half of the total wealth. And on the theory adopted by statisticians that the distribution of wealth averages the same among the living as among those dying in a period of years, the wealth congestion in Massachusetts is represented by  $1\frac{1}{3}$  per cent.

The same method applied to the data of adult deaths and estates of deceased persons recorded in the New Zealand Year Books gives 3 per cent of the population owning  $\frac{1}{2}$  of the wealth. In the United Kingdom  $1\frac{1}{4}$  per cent of the families own property equal to half the total wealth, public and private; 2 per cent of the families own 3 times as much of the private wealth of the country as the remaining 98 per cent; 93 per cent of the people own less than 8 per cent of the wealth; and 10 per cent of the people have half as much again income as the other 90 per cent. In Prussia 10 per cent of those receiving registered incomes have  $\frac{1}{2}$  the total income. In Brazil 5 per cent of the families have over  $\frac{1}{2}$  the total income. In Russia about 2 per cent of the people own more than  $\frac{1}{2}$  of the wealth.

(53-56) If we plot the movement of wealth congestion from 1800 to 1900 as well as the facts obtainable enable us to do, we find that the curve of progressive concentration in the United States strikes the vertical about 8 decade units above the year 1900. So that we appear to be moving at the rate of 12 per cent in a decade toward an industrial

TABLE 12.

COUNTRY	MOVEMENT OF INDUSTRIAL AND POLITICAL POWER				
	Decennial increase in concentration		Decennial decrease in concentration		Decennial movement toward political equalization
	of wealth (53)	of industrial control (54)	of wealth (55)	of industrial control (56)	
United States . . . . .	12%	25%			+ or - ?
Australia . . . . .	2.				+ 20
New Zealand . . . . .			10%	40%	+ 42
Massachusetts . . . . .					+ 2
Switzerland . . . . .			8	20	+ 16
United Kingdom . . . . .	2.5	5.			- 4
France . . . . .	1.5	2.			
Germany . . . . .	3.5	7.			
Denmark . . . . .					
Holland . . . . .					
Belgium . . . . .					+ 30
Sweden . . . . .	.3				
Norway . . . . .					
Austria . . . . .	1.	2.			
Hungary . . . . .					
Spain . . . . .					+ 7
Italy . . . . .					+ 5
Russia . . . . .	2.	4.			
Turkey . . . . .					
Europe . . . . .					

monarchy or condensed aristocracy in which one man or a handful of men would own the bulk of the nation's wealth.

The growth of great trusts and the combination and consolidation of railroads, mines, manufactures and mercantile business, added to the increasing concentration of individual ownership, is centering the control and management of industry at a rate much higher than even the extraordinary rise of personal ownership. It is estimated that railway mergers and unions, giant trusts, corporations, combines, and consolidations, control about a quarter of the nation's wealth, whereas in 1890 they did not control a tenth part of our total resources. Out of 150 great trusts listed on pp. 676-7 and 679 of the Review of Reviews for June, 1899, only 15 existed before 1890, and even the few trusts that were born before that date have grown in stature and increased in power and capital enormously. The lists referred to included only

such trusts as had 10 millions or more of capital stock and bonds; a trust having less than 10 millions was deemed too small for the society. The writer estimated the total number of trusts at about 500 (353 had been listed by the New York Journal of Commerce), and 500 more agreements and pools among apparently independent concerns, covering altogether a capitalization of perhaps 7 or 8 billions not including railways and some other franchise combines

Nearly the whole railway system with its 11 billions of capitalization is now controlled by a few great interests, and railway combines, coal, iron, steel and shipping trusts, banking interests, street railway syndicates, etc, are gravitating into compound combinations of the 2d, 3d, 5th, 10th, 20th power, and gathering round the little groups of which J. P. Morgan and John D. Rockefeller are the powerful centers. The Journal of Commerce reports that 1901 was a greater year for trust formation than even the boom year of 1899. The total capitalization represented in the consolidations of that one year, 1901, was \$2,805,-475,000. On the whole, after reviewing a mass of data too great for insertion here, from the railway pools of 1870 and the coal combine of 1872 to the billion dollar steel trust that is now close to a billion and a half, and the international shipping trust, which is Mr. Morgan's latest constructive effort, we believe that the concentration of industrial control in the last ten years amounts to about 25 per cent on the scale of 100 per cent for the union of the *bulk* of the country's industrial interests.

In Great Britain the telephone monopoly has received a severe blow in the law of 1899, giving municipalities the right to establish telephone exchanges and authorizing the post-office to spend \$10,000,000 on a postal telephone system for London. The splendid growth of coöperation has also tended toward equalization. But on the other hand there has been a large development of trusts and militarism tending in the opposite direction. Ten years ago there were practically no trusts in England. But the fever struck her in 1897 and she has now a list of thirty or forty pretty well grown combines, some of them having capitalizations of 16, 30, 40, 46, and even 90 million dollars apiece, which last for Great Britain is about equivalent to 170 millions for us,—not large compared with our biggest, but tremendous compared to anything known in England before this decade.

On the continent there are many small combines, but big trusts are rare. France, Austria, Russia, and Belgium, have all felt the force of industrial gravitation in the last decade, but the only country of Europe that has manifested any disposition to follow in the footsteps of the United States is Germany. She is said to possess 200 trusts or more, mostly small according to our standards, but her coal-ring and rolling-mill and water-transportation trusts are big enough to interest even Mr. Morgan.

The trusts of Europe are not causing the disturbance incident to their development here, owing to the fact that they have shown a much more moderate temper in regard to prices than our giants have, which is owing in its turn perhaps to the fact that the trusts in Europe

have no such hold on the Government or the railways as they have with us. Nevertheless they have produced a decided increase in the concentration of industrial control

In New Zealand the movement has been the other way during the last decade. The progressive land and income taxes, the public employment bureaus, coöperative labor, the arbitration law, old-age pensions, resumption and division of large estates, etc., have produced a decided decrease in the concentration of wealth. Add to this, the nationalization of credit with the powerful effect of the arbitration law on the equalization of industrial control, and it is clear that the Liberal movement has carried the people a long way from the former concentration of industrial power.

In Switzerland the nationalization of the railways and the action of direct progressive taxation, etc., has caused a decrease in wealth congestion, and the national initiative (1891) together with the proportional representation movement in the cantons, and some other gains, has resulted in a strong movement toward the equalization of industrial control.

(57) In estimating the movement of a decade toward political equalization we may consider manhood and womanhood suffrage under good ballot laws as the basis, and the institutions tending to make the voting effective in controlling government as percentages of the basis, so that equal manhood suffrage under republican government with direct nominations, proportional representation and direct legislation would be substantially 50 per cent of complete equalization; and woman suffrage with similar appurtenances would fill out the other 50 per cent. Or we may treat the development of manhood and womanhood suffrage, direct nominations, proportional representation, direct legislation, etc., all on one plane as direct percentages of the field of political equality. The former method is the more philosophic, perhaps, but as the latter is simpler and gives more moderate percentages of progress, we will adopt it here. Opinions differ as to the relative importance of the various elements of equalization, and as they are all very important and their relative values cannot be precisely estimated, it may be well to divide the field equally among the measures most necessary to consider; thus:

20%	20%	20%	20%	20%
Man. Suff.	Wom. Suff.	Direct Noms.	Propor. Rep.	Direct Legis.

Before 1890 New Zealand had direct nominations (20 per cent) and perhaps 12 per cent of level manhood suffrage under the Australian ballot, the plural votes of the rich in city and state elections taking off at least 8 of the 20 per cent allotted to level manhood suffrage; also municipal suffrage for women taxpayers with plural voting, amounting to less than a twentieth of full suffrage, national and municipal, for all women. New Zealand had, therefore, about 67 per cent of political equality to get. In the decade 1889 to 1900 she has secured the missing 8 per cent of manhood suffrage by establishing the principle of one-man-one-vote in national and local



elections and 19 per cent more through full woman suffrage, making 27 per cent (or 4 tenths of the 68 per cent she needed in reference to the measures named). The reduction of the terms of Senators from life to seven years whereby the republican organization of government (that we have assumed as the basis of our estimate) was rendered more perfect and the effectiveness of all equalizing measures increased, and the political relation of industrial equalization, certainly should not count for less than 15 or 16 per cent.

By a similar calculation the attainment of the federal initiative in Switzerland, and the growth of proportional representation with some other political progress and the reactions of accomplished industrial equalization, indicate a movement of about 18 per cent, which would be nearer 50 per cent if we placed the percentage according to our own estimate of the relative importance of the national initiative, proportional representation, and the public ownership of railways instead of working on the equal division plan outlined above.

In Belgium the extension of the suffrage (1893), direct election of senators, and complete establishment of proportional representation (1899) in both local and national elections, points to a development of 30 per cent in advance of where she stood in 1890. In 1866 the Belgian serfs were freed. In 1893 universal suffrage was granted under threat of a universal strike, and the number of voters is now 1,473,000 against 135,000 who would have the franchise under the old system. But the controlling power has been kept in the hands of the well-to-do minority by giving 2 or 3 votes to landowners, heads of families who pay land tax, and professional men. This is not equal rights, and another universal strike is threatened if the Government does not recognize the claims of all classes to equal representation in Parliament, as in England, France, Switzerland, Germany, and even Spain, to say nothing of America and Australia.

From a system under which 8 men in 100 were voters Italy has passed in the last decade to "universal suffrage" by the law of 1895. But the actual equalization is much less than the difference of legislation would indicate. Something more than a form of words on the statute book is necessary to real government by the people, and this fact was never more clearly proved than by the history of Italy. In 1880 there were 627,838 registered electors out of a population of 28,437,000; 15,158 of the 627,838 were on the voting list because of their wealth, 489,044 had the suffrage because they paid \$8 taxes, and the right of 112,906 depended on their education and social influence. The Ultramontanes would not register even when they were qualified, for they do not believe in elections; "neither elections nor elected," is their motto. By the laws of 1891 and 1892 all males of 21 years who could read and write, and paid \$4 taxes were entitled to vote. In 1892, 1,639,298 voted out of 2,934,445 who had the right. By the law of 1895 all males over 21 who can read and write and who either have a moderate elementary education, or pay \$4 taxes, or own, manage, or occupy realty of a certain rental value (\$20 to \$100 a year) are entitled to the ballot. This seems liberal, but now note how small the value

of suffrage laws may be. In the elections of 1895 the Ministry feared defeat, and the Government officials therefore struck off from the voting list the names of all persons suspected of hostility or even lukewarmness toward the Ministry. At Bologna, for example, 6000 were struck off from a total of 49,000, at Padua 5000 out of 25,000, at Treviso 18,000 out of 39,000. Altogether the Government assassinated or removed 600,000 votes. In a male population of 8 millions there were 2,400,000 registered voters, which number was reduced to 1,800,000, and only about half of these took part in the election. As long as such things are possible we cannot estimate the real advance toward equalization in Italy at any high figure.

Add to all this the king and a Senate appointed by him for life, and various other interferences with Government by the People, and you will see that the figures of columns 57 to 62, low as they are, are not too low to express the facts.

Australia has made decided improvement in male suffrage, and the most sweeping additions on record in relation to woman suffrage. For years women have had municipal suffrage in all the Australian colonies and in the last eight years three of the states have given women the ballot in state elections, besides which the Commonwealth this year (1902) adopted woman suffrage for national elections, making altogether an advance of 10 points in the 27 necessary for complete franchise if we regard the national government as equal in importance to the sum of the state governments, and consider local affairs equal to state interests.

The constitution of the Australian Commonwealth, which went into operation January 1, 1901, provides for the popular election of senators, who are to hold for 6 years. And also declares that if either House of the Assembly passes a constitutional amendment twice and the other House rejects it or amends it in a way the first House will not agree to, the Governor General may submit the question to the people for decision at the polls. These advances with some minor improvements are roughly represented as a progress of 20 per cent on the conditions existing ten years ago. We have not been able to ascertain whether the political power of organized wealth has increased or diminished; the evidence is not harmonious. The severe panic of 1893 weakened the influence of capital; and tho the strike of 1890 hurt the labor unions, the organized workingmen's ballot has more than made up for that. Plenty yet remains to be done, however. State senators are still appointed by the Governor for life in two of the colonies, and in one of these and all the other five states, a property qualification, or plural voting, or both, are still important elements of the suffrage in elections for one or both Houses. But with direct nominations and the alphabetic ballot, popular election of senators, a large measure of equal suffrage, and a taste of the referendum, Australia ought to go a long distance in the next decade toward the completion of political equalization.

In the United States in the last ten years three states have adopted the initiative and referendum, another state has municipal direct

legislation for such municipalities as accept the law, and still another has a 'public opinion law' which admits the definite expression of public opinion by a ballot in response to an initiative petition. It does not make the expressed opinion of the people binding on the legislators, but in practise that effect is likely to follow. A number of other states have passed partial measures applying the initiative or referendum or both to certain franchises, municipal charters, or other specific subjects, and some cities have obtained the referendum in their charters. If we neglect the territories and set down the combined initiative and referendum on state legislation throughout the country as 45 points, allow 45 points more for complete direct legislation in municipal affairs, and represent the full initiative and referendum in national affairs by another 45 points, regarding the nation as equal to the sum of the states, and the local affairs of each state as equivalent in importance to the state interests, we shall have a total of 135 points for direct legislation in all interests throughout the United States. On this basis a liberal estimate would place the gain of the decade at 14 points above the 9 or 10 points possessed ten years ago, including the town meeting system in the states using it—an advance of 50 per cent perhaps on former conditions in this field, but only about 10 per cent of the total, and 11 per cent of the *suffrage* road that was still to be traversed, or 2 per cent on the *whole* work of equalization.

Five states have given some or all of their cities the right to make their own charters, about 3.5 full points out of 45. Three states have given women full suffrage, state and municipal, in the last decade, and seven others partial local suffrage—about 8 points added to the 6 possessed before 1890, counting municipal suffrage as 1 point, the right to vote in state elections as 1, and school suffrage as  $\frac{1}{3}$ . The gain has been less than 1 per cent of the ground to be traveled on this line to cover the whole 135 points, but much more than 1 per cent of the difficulty. The conditions in a few of our cities have improved and some other less important advances have been made, but on the other hand the unequal franchise amendments in some of our southern states, the tremendous increase in the concentration of wealth and industrial control, and the growing influence of the great monopolies in elections and in legislative and administrative affairs, have produced a powerful counter movement. More and more the giant interests succeed in getting their men elected or appointed to office. More and more they are able to control the policy of the Government, whether it be in war or peace. No one who has watched the gathering power of trust and railroad combines and other aggregations of capital in the last decade, and noted the purchase of senatorships, the election and appointment of trust attorneys, the blocking of legislation, and even the open defiance of law on the part of great corporations, can fail to realize that it is not improbable that on the whole America has lost ground in the last ten years in respect to the equalization of power in spite of the 6 or 7 per cent gain through the growth of direct legislation and the other progressive movements indicated above. We are quite

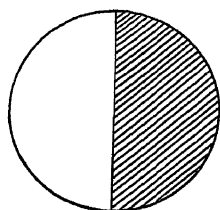
TABLE 13.

COUNTRY	GOVERNMENT BY THE PEOPLE				
	General theoretic recognition of the principle of government by the people (58)	Practical application of the principle		Extent of Actual Government	
		As to the body of adults enfranchised (59)	As to means (laws etc.) of making the franchise effective (60)	By the voters (61)	By all the people (62)
United States . . . . .	100	$\frac{1}{2} +$	55	46	23
Australia . . . . .	100	$\frac{3}{4}$	70	70	52
New Zealand . . . . .	100	1	75	75	75
Massachusetts . . . . .	100	$\frac{1}{2}$	60	58	29
Switzerland . . . . .	100	$\frac{1}{2}$	90	90	45
United Kingdom . . . . .	95	$\frac{1}{2} +$	42	38	20
France . . . . .	100	$\frac{1}{2}$	50	44	22
Germany . . . . .	60	$\frac{1}{2}$	30	26	13
Denmark . . . . .	65	$\frac{1}{2}$	30	26	13
Holland . . . . .	65	$\frac{1}{2}$	28	25	12
Belgium . . . . .	75	$\frac{1}{2}$	60	51	26
Sweden . . . . .	60	$\frac{1}{2}$	20	18	9
Norway . . . . .					
Austria . . . . .	50	$\frac{1}{2}$	18	14	7
Hungary . . . . .					
Spain . . . . .	45	$\frac{1}{2}$	18	12	6
Italy . . . . .	40	$\frac{1}{2}$	16	10	5
Russia . . . . .					
Turkey . . . . .					
Europe . . . . .					

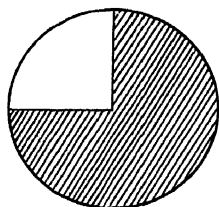
clear that England has lost somewhat, for she has had no great political advance to balance the accumulating pressure of monopoly and militarism. And it is possible that the balance is on the wrong side with us also. The movement of thought in the direction of more perfect political equalization is very clear and strong, but it has not yet crystallized into law to any large extent, whereas the growth of monopoly has put itself into politics as fast as it came into being. The future belongs to liberal thought, but the present belongs too largely to monopoly.

(58-62) We are given to understand by Fourth of July orators and other reliable persons, that we have "Government by and for the People" in America, but when we get to figuring on the thing we cannot make the statement materialize. It is true that the dominant political sentiment in the United States recognizes the principle of

government by the people, but the actual facts differ from the sentiment. The sentiment is not yet thoroly embodied in the law. If we represent full control by the people by a circle, we shall have at once to shade off half of it as not being in the light of self-government because one-half the citizens of age and discretion cannot vote. It is true that in 4 of our states women vote on the same terms as men and in 26 they have school or municipal suffrage, but these additions are more than balanced by the disfranchisement of large masses of negro citizens in some of the southern states.

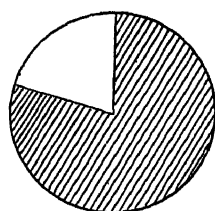
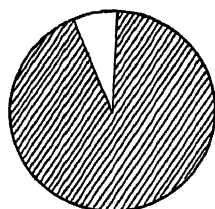


Then our system of voting is such that when there are more than two candidates for an office the successful candidate is frequently elected by a minority of those voting. Several Presidents have been chosen by a minority. As many as 17 at a time of the Governors of our states have been minority electees, and it is a common thing for a mayor or representative to be elected by a minority of the votes cast. The district system with plurality elections, produces remarkable results on this line. A "Democratic" government in New Jersey divided the State so that Democratic districts of 11,000 and 12,000 people were allowed one state legislator each, while some Republican districts were marked off so as to have one representative to 30,000 or 40,000 people. On the other hand, in Iowa, with little over half the votes, we have seen the Republicans elect all but 1 of 11 Congressmen, instead of the 6 they were entitled to under a fair system of proportional representation. In Maine a few years ago with 53 per cent of the votes the Republicans elected every Congressman. In Iowa a Democrat weighed only  $\frac{1}{9}$  as much as a Republican; and in Maine a Democrat weighed nothing; while in Kentucky a Democrat weighed 7 times as much as a Republican. In 1897 there was 1 Republican in Congress from New York for every 27,000 Republican votes in that State, and 1 Democrat for each 100,000 Democratic votes. Massachusetts in 1899 had 1 State Senator for each 5800 Republican votes cast in the election, and 1 Democratic Senator for each 15,400 Democratic votes. So between the plurality rule and the district system it happens that about half, and sometimes more than half, not merely of the voters but of those who voted, have no one in Congress or Legislature for whom they voted. The representatives of half the voters or  $\frac{3}{4}$  of the people make the laws. It appears, therefore, that we must shade off another quarter of the circle.

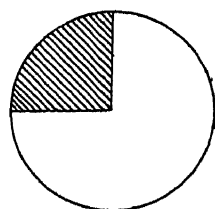


Again, a quorum of the representatives can pass laws, and not merely a quorum but a majority of a quorum, or the representatives of about  $\frac{1}{16}$  of the people, can legislate. And in the National House, one man, the Speaker, through his powers of recognition and appointment of

committees, can practically control, in large measure, the action of Congress. Add to all these things the facts: (1) that representatives are not selected by the people, but by party machines, the voters having merely the privilege of electing one or two or more persons nominated by the bosses; (2) that corporate interests and corrupt influences often exert considerable power over representatives; and (3) that at best the voters have no means of vetoing their acts if they do what the voters do not want, or of compelling them to act if they neglect or refuse to do what the voters do want;—and the shade grows over the circle till only a narrow strip of light is left to indicate the actual control the people have in the Government as compared with the white circle of full control. The town-meeting system that prevails in some of the states in the government of local affairs relieves the situation somewhat, but allowing for this, and other palliating circumstances, such as the instruction of the delegates by constituencies, and the partial restraint on officials through their desire for re-election, which the party bosses may not be able to control in case of too pronounced a departure from the public interest, it would still seem probable that the actual definite government by the people in this country is amply represented by 20 per cent of the circle.



In New Zealand all the people of age and discretion are voters. The people select their own representatives by direct nomination petitions, question and pledge them, and select them without dictation of party machines. No corrupt or monopoly influences control legislation, and no Speaker rules the House of Representatives. But New Zealand lacks both proportional representation, and the certainty of majority choice. And she does not possess a full set of initiative and referendum laws, so that the people have no definite means of expressing and enforcing their will on questions arising after election until the next triennial period comes round, and then only one or two leading issues can really be determined. On the whole it seems fair to say that even in New Zealand the people have no more than 75 per cent of full and definite control.



In Switzerland with the initiative and referendum and proportional representation the machinery for giving expression to the will of the voters comes close to completeness, and the actual control by the voters is very great—but as half the people do not vote, the total

TABLE 14.

COUNTRY	RELATIVE RANK AS TO CHARACTER, LITERATURE AND ÆSTHETICS					
	Intelli- gence energy push (63)	Average morality— public and private virtue (64)	Literary		Art	
			Creation (65)	Environ- ment (66)	Creation (67)	Environ- ment (68)
United States . . . . .	100	85	40	60	35	20
Australia . . . . .	100	90	2	45		
New Zealand . . . . .	100	95	2	55		
Massachusetts . . . . .	100	90	60	75		25
Switzerland . . . . .	85	90		40		8
United Kingdom . . . . .	90	90	95	50	75	12
France . . . . .	70	80	85	40	90	15
Germany . . . . .	75	84	90	40	80	10
Denmark . . . . .	85					
Holland . . . . .	65					
Belgium . . . . .	85					
Sweden . . . . .	80	90	10			
Norway . . . . .						
Austria . . . . .	50					
Hungary . . . . .						
Spain . . . . .	40					
Italy . . . . .	50	45	20	15	60	
Russia . . . . .	30		15	2	10	1
Turkey . . . . .						
Europe . . . . .						

control by the whole people falls a little below half the circle. The time and conditions under which it may be wise to adopt woman suffrage in Switzerland are questions for the Swiss people to settle with the referendum, but until it is adopted government by the people will not be complete, even tho the women may, perhaps, exert some measure of control through their influence over the men.

Belgium has proportional representation both in national and local elections, and direct election of a large number of Senators. If it were not for her plural voting, and the remnant of power in the hands of the king, the country would rank very high in respect to the equalization of political power.

(64) The ordinary tests of national morality are its criminal records, and the statistics of drunkenness, illegitimacy, juvenile offenses, prevalence of saloons, gambling dens and other places of low resort. We

have considered these things, but have also taken into account the more intangible but not less important indications of morality spoken of in the third paragraph of this discussion. The disregard of personal rights and civic justice in some of our states, the frauds of business and politics in many states, together with the pursuit of money regardless of humanity, makes the average of morality in the United States uncomfortably low. In Great Britain the high average of orderliness and the relative purity of civic life especially in the municipalities gives a good percentage on the whole. In Switzerland personal morality in some of its branches is not so good as in some other countries, but civic virtue is high. In New Zealand the personal, political and industrial moralities are all very high.

(65-68) The rank of a nation in respect to the creation of literature and art must depend on the number and quality of its contributions to those departments of human effort relatively to the population. But the literary and æsthetic environments of a people may be very excellent, altho their country has produced very little in these lines. England, for example, has given birth to the noblest literature in existence, and with France, Italy, and Germany, has produced most of the great works of art. Yet in none of these countries do we find so many good books, magazines, and pictures in the homes of the masses of the common people as in this country and in New Zealand. Our people are also relatively well supplied with libraries. The New Zealanders are great readers of Ruskin, Lowell, Emerson and others of the best American and English writers. Flowers and vines and trees surround the homes of the common people; and music and pictures are to be found inside. Not even the art instruction in our common school has done more for the æsthetic development of our people than the illustrated magazines with their millions of beautiful pictures sold in enormous quantities at trifling cost.

(69-80) The range of wages from 6 to 14 cents a day in Russia to \$2.50, \$3.50, \$5 and \$6.91 in the United States is very striking; but hardly more so than the contrast between the \$6.60 paid a high-grade engineer in Pennsylvania or the \$6.91 quoted as the high-water mark for the miners in California, and the 25 cents a day reported as the low-water mark for farm labor in Florida and Nebraska. This minimum wage is probably received by very few workers, but 50 cents a day is a common wage in several of the Southern States, Kentucky, North Carolina, and Texas, for example. For many occupations the quotations reported by the United States Commissioner of Labor range lowest in the Carolinas and highest in Illinois, California, New York and Massachusetts. A little more equalization, as in New Zealand, would be beneficial if it were accomplished by giving equal pay for the same work, whether done by men or women, and by taking off something from the highest wages, hundred-thousand-dollar and million-dollar salaries, etc., and adding to the wage rates in the lower part of the scale. It may seem that many low-paid workers are worth no more than they receive, and the problem can only be solved in full by thoro industrial education of every boy and girl, but while that



TABLE 15.

COUNTRY	MINIMUM, AVERAGE AND MAXIMUM WAGES <i>In dollars and cents per day</i>											
	Farm laborers (69)			Other laborers (70)			Carpenters (71)			Bricklayers (72)		
	Min	Av	Max.	Min.	Av.	Max.	Min.	Av.	Max	Min	Av.	Max
United States .	.25		2.50	.80		2.75	.80		3.50	1.25		5.00
Australia . . .	.41		1.46	.20		2.92	.81		3.16	1.46		2.68
New Zealand .	1.	1.35	2.44	.85	1.	2.25	2.	2.40	3.25	2.10	2.75	3.75
Massachusetts		1.25		.95		2.00	2.40	2.42	3.00		3.60	
Switzerland . .	.48		.68	.49		.85	.76		1.00	.58		1.35
United King. .	.36		.91	.61		1.51	.95		1.72	.98		1.84
France . . . .	.19		.97	.36		1.54	.64		1.35	1.06		1.64
Germany . . .	.12		.80	.26		.95	.71		1.07	.60		1.20
Denmark . . .	.24		.67	.25		1.26		(.80)				
Holland . . . .	.16	.55	.80							.67	.70	1.42
Belgium . . . .	.20		.47	.29	.55	.68		.58	.70	.70		.98
Sweden . . . .					.72							
Norway . . . .	.27		.80				.40		1.07	.60		.69
Austria . . . .	.07											
Hungary . . . .			.61	.18		.85	.45		1.29	.57		1.22
Spain . . . . .	.30		.75	.30		.50	.60		.70	.68		.85
Italy . . . . .	.09		.96	.42		.58		.58		.60		.70
Russia in Euro.	.06		.51	.14		.65	.43		1.08			
Turkey in Euro.												
Europe . . . .												

These data represent the highest and lowest quotations within the last few years as given in the Report of the U. S. Labor Commission for 1900 and other official documents.

is coming, one way to make poor labor worth more is to pay it more. Factories, and even stores barely remunerative have been rendered exceedingly profitable simply by raising the pay of the workers, thereby raising their plane of life, developing their self-respect and enthusiasm, and increasing their productivity and industrial value.

The number of churches, theaters, saloons, etc., per thousand people might be tabulated, and the relative proportion of vital force put into eating and drinking, working and thinking, and the different varieties of activity, would be interesting if sufficient facts could be obtained to make the tabulation practicable. We have not dealt with all the subjects for which data exist. Statistics of failures, defalcations, imports, ex-

TABLE 16.

COUNTRY	MINIMUM, AVERAGE AND MAXIMUM WAGES <i>In dollars and cents per day</i>											
	Masons (73)			Miners Coal (74)			Shoemakers (75)			Compositors (76)		
	Min	Av	Max	Min	Av	Max	Min	Av.	Max	Min	Av.	Max
United States .	2		4.50	.75		6.91	.33		5.00	.83		4.83
Australia . . .	1.22		3.65	1.22		2.68	.81		3.24	.81		2.84
New Zealand	2		3.50	1.87	2.30	3.00	1.50	2.20	3.00	1.25	2.10	2.84
Massachusetts	1.76		3.60				1.67		3.50	.86		3.17
Switzerland . .	.69		1.17				.60		.80	1		1.40
United King. .	.89		1.68	.81		1.58				.97		1.87
France . . . . .	.84		1.51	.84		1.20	.39		2.08	.34		1.93
Germany . . .	.84		1.43	.66		1.11	.48		.79	.79		1.19
Denmark . . .	.86		1.34							1.05		1.85
Holland . . . .	.70		.90									
Belgium . . . .	.58		.97	.32		1.48	.58		.97		.75	
Sweden . . . . .												
Norway . . . .	.71		1.07				.47		.70	.54		.77
Austria . . . .	.41		.85	.37		1.02	.34		1.15	.47		1.22
Hungary . . . .												
Spain . . . . .							.15		.60		.58	
Italy . . . . .		.59								.70		1.25
Russia in Euro.	.67		.77				.14		.47	.20		1.51
Turkey in Euro.												
Europe . . . . .												

These data represent the highest and lowest quotations within the last few years, as given in the Report of the U. S. Labor Commission for 1910 and other official documents.

ports, manufactures, building, taxation, etc., might be added to our list, but we have given enough to suggest the main outlines of the subject.

If some good angel would persuade the various Governments of the world to secure at stated intervals *exhaustive data* in regard to their countries *on a uniform system*, and establish an international bureau that would tabulate the returns in parallel columns and publish the results in cheap pamphlet form to be scattered broadcast among the people of every nation, much good would probably be done in the way of stimulating the people to make good their deficiencies.<sup>7</sup> It

<sup>7</sup> James J. Hill, one of the greatest and most successful railway men, explained to me one day the method by which he developed the efficiency of his roads (a development of the most astonishing character considering the

TABLE 17.

COUNTRY	MINIMUM, AVERAGE AND MAXIMUM WAGES <i>In dollars and cents per day</i>											
	Conductors Street Railway (77)			Conductors Passenger (78)			Locomotive Engineers (79)			Brakemen (80)		
	Min	Av.	Max.	Min	Av.	Max	Min.	Av.	Max	Min	Av.	Max.
United States .	1.20		2 25	2.15		3.95	1 35		6 00	.71	1.75	3 46
Australia . .	1.50		2.50				2 43		3 65		1 95	
New Zealand .							2.		3.00	2.00		2.50
Massachusetts				3 20		3 84	2.25	3.86	4 50	1.50	1 87	2 20
Switzerland . .		60					92		1.50	.48	.50	1.30
United King. .				.78		2.40	1 04		1.95	.80		1.13
France . . . .	.77		.96				92		1.93	.82		1.00
							+ Premiums					
Germany . .	.60		1 44				1 19		1.83	.48		.78
							+ Premiums					
Denmark . .												
Holland . . . .	.50		.87				.80		1.53	.48		.60
							+ Premiums					
Belgium . . .		89					.86		1 47			
							+ Premiums					
Sweden . . . .												
Norway . . . .												
Austria . . . .	.41		90				.55		.93			
Hungary . . . .												
Spain . . . . .		.50		1.15		2.	2.		5.	.46		.59
Italy . . . . .		.60										
Russia in Euro.				.55		.95	.68		3.53			
Turkey in Euro.												
Europe . . . .												

These data represent the highest and lowest quotations within the last few years as given in the Report of the U S Labor Commission for 1900 and other official documents.

would have an effect something like that of the World's Exposition at Chicago or Paris; in fact, it would be a World's Exposition of moral,

difficulties under which his roads operate), and the principal element of his method was to send each month to all the chief officers along the whole line, a tabular sheet showing precisely what each division had done in the past month, with the cost of each item, and a comparison of the data with those for the preceding month and for the corresponding month of the previous year. He simply turned on the light, so that each superintendent knew exactly where he was and what his men were doing, and what all the other men on the road were doing. There is nothing like the light as an aid to progress.

intellectual, civic and industrial progress. But useful as the light of census returns may be, it must not be forgotten that the finest part of the life of a civilized nation, the happiness of its homes and the earnest, just, and kindly daily life of its people, cannot be truly grasped and registered by any mathematics known to man.

All things considered, we believe the United States to be the finest country on earth, and will not live in any other if we can help it. But while our country leads the world in many ways, it is not perfect yet. We can teach other nations a great deal, but they can teach us something, too. There are some lessons we can learn from Great Britain in respect to municipal government and coöperative industry; from France and Italy in respect to art; from Germany in respect to the management of public utilities, civil service, and the enforcement of honest business methods; from Switzerland in respect to improvements in the machinery of self-government, and a fuller use of the institutions most perfectly embodying the principle of popular sovereignty; from New Zealand in respect to the union of farmers, merchants, and workingmen, to elect men pledged to legislation in the interest of the mass of the people, a policy looking to the diffusion of wealth instead of its congestion, the nationalization of land and credit, railways and telegraphs, coal mines and steamships, the establishment of postal savings banks, government insurance, public employment bureaus, the eight-hour day, early closing of stores, weekly half holiday, old-age pensions, judicial decision of labor disputes, coöperative construction of public works, low fares for workingmen, free transportation for school children, government loans at low interest to farmers, merchants, workingmen, or capitalists, equal rights and opportunities, political and economic, progressive taxation with exemption of all improvements on small estates, and other valuable politico-economic institutions.

For example, if we accepted some suggestions from the successes of the said countries on the lines of advance in which they have led the world:

We should have no strikes in the United States.

Either party to a labor difficulty could bring the matter into court for decision by an impartial tribunal.

The anthracite coal mines would belong to the nation, instead of the coal trust.

The railways would belong to the people, and would be administered for their benefit, without unjust discrimination, and without being

used to build or maintain aggressive trusts and combines, or to control the people's Government against the people's interest.

The telegraphs and telephones would belong to the people, with a better and wider service, and rates less than half the present charges; and their profits, with those of the railways, would go to the public treasury, instead of pouring into the pockets of millionaires to help increase the concentration of wealth.

There would be a parcels post carrying packages at rates from one-half to a third of our express rates.

Every money-order office would be a postal savings bank, and there would be 28 savings depositors in each 100 inhabitants instead of 7.

A farmer could borrow money from the Government at 4 per cent.

Government insurance would offer an absolute guarantee at half or two-thirds the rates we now pay for an uncertain corporation guarantee.

The Government would own more than half the land, collect the most rents, and be the largest owner of industrial property.

Big corporations, wealthy owners, and high-salaried officers would pay taxes at a higher rate than individuals of moderate means and income, instead of paying a lower rate, as they do now.

Deserving persons would be sure of a pension in old age with the liberty of home life instead of the pauper house, and the atmosphere of justice in place of charity.

The slums of the cities would be deposited on the land in snug little homes, the road to which would be made so clear and smooth that the unfortunate could travel it with ease, and with no fear of failure.

Government labor bureaus would be established to aid the unemployed in obtaining suitable work.

Living wages would be secured, and unfair competition by conscienceless employers would be prevented by the orders of an arbitration court.

8 hours would be the standard day for constant labor; and with short hours in factories, mines and stores, would go a weekly half holiday, and a system of regulation and inspection abolishing sweating, bad air, unsafe machinery, etc., and securing good conditions for all workers.

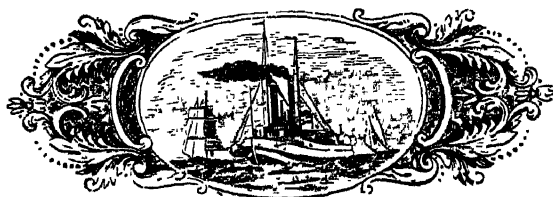
Public works would be constructed by direct coöperative labor, in place of the contract system with its low pay for workingmen, big profits for contractors, and tendencies to political jobbery.

Municipal government would be separated from state and national politics, and managed by honest men, under thoro civil service rules, as a business corporation of the coöperative sort, dealing with education, order, fire protection, water supply, lighting, transportation, etc.

Representative government would be perfected by preferential voting, proportional representation, and the popular recall, and, most im-

portant of all, by extending and improving the use of the Referendum and Initiative in city, state, and national legislation.

Workingmen would use their ballots to accomplish the great purposes of industrial betterment they have in view; uniting at the ballot-box with all who sympathize with those purposes, to elect men pledged to their support, and to the enactment of legislation, or rules of procedure, that will secure the benefits of the Referendum and Initiative, which constitute the surest means of attaining all that the people desire. The election of candidates pledged to this alone would open the way to an easy solution of the whole problem, political and industrial.



## CHAPTER 82.

### PROPOSED GOVERNMENT CHANGES.

Some of the governmental reforms referred to in the chapter entitled "What Next?" as being under discussion in New Zealand, were found to occupy so much space as to render the said chapter overlong, and so it was divided and the latest developments in respect to Proportional Representation, Preferential Voting, the Second Ballot, the Initiative and Referendum, and the Popular Recall, will be dealt with here. They are subjects of the highest civic importance, but any thoro consideration of their logic and philosophy and practical details requires a care and attention which the general reader will not always give. Those who are familiar with these topics will not need to be told of their vital bearing upon the future of free institutions; and we earnestly hope that every reader not already familiar with them will lose no time in acquainting himself with them. They should be fundamental and ever present elements in the civic thought of every citizen.

Almost everyone in America believes in government by the people, but comparatively few take the trouble to find out the conditions of its real and effective exercise. So many are satisfied with names instead of facts, and are willing to let some one else do their thinking for them. Rome dreamed she was a republic while Cæsar was in truth her absolute master, and multitudes to-day think they have full-fledged government by the people, when in truth the government is still in large part a private monopoly.

#### PROPORTIONAL REPRESENTATION.

In New Zealand as in the United States the district system of election is in vogue with the plurality rule, and the results there as here are that nearly half the voters have no repre-

sentatives for whom they voted, and that candidates are not infrequently elected by minorities. In 1899, the last election for which I have full returns, 7 out of 58 towns and rural districts had majorities unrepresented, and 27 had unrepresented minorities almost as large as the electing majority. Take the following in illustration:

#### Minority Elections and Unrepresented Voters

District	Successful Candidates	Unsuccessful Candidates	Number of Voters	
			Repre- sented	Unrepre- sented
Hawera....	McGuire .....1,740	Major .....1,685 Astbury..... 638	1,740	2,323
Ohinemuri.	Palmer.....1,765	Mass..... 1,470 McCullough..... 795 Stewart..... 762 Duble ..... 524 D. Bakker..... 206 Drumm..... 4	1,765	3,761
Parnell ....	Lawry.....2,263	Campbell.....1,423 Allen..... 846	2,263	2,269
Selwyn ....	Hardy.....1,308	Rennie.....1,168 Barrett..... 454 Wilson..... 427	1,308	2,049
Eden .....	Bollard.....2,255	Niccol.....2,251	2,255	2,251
Ellesmere ..	Rhodes.....1,760	Montgomery....1,656	1,760	1,656
Waitemata .	Monk.....1,713	Ford .....1,263 Newman ..... 364	1,713	1,627
Thames....	McGowan ....2,573	Greeslade.....1,389 Taylor..... 719	2,573	2,106
Tuapeka ....	Bennet .....1,758	Rawlins ..... 1,372 Fraser..... 323	1,758	1,695
Napier.....	Fraser .....1,994	McLean .....1,956	1,994	1,956
Riccarton...	Russell .....1,867	Rolliston .....1,866	1,867	1,866

The Ohinemuri district, in which, 1765 voters elected a member of Parliament, while 3761 voters failed to secure representation, is a strong illustration of the possibilities of plurality elections. The case of Eden, where the successful candidate had 2255 votes and the unsuccessful candidate 2251 votes, is a good example of an unrepresented group almost as large as the group that absorbed the whole representation. Such a condition of things should not be allowed to exist in Eden.

In the 4 city districts, which elect three members each, the returns



do not show exactly how far the voters secured representation. In Auckland, for example, the vote stood as follows:

Napier .....	6097	Rosser .....	3511
Fowlds .....	5595	Vaile .....	2456
Crowther .....	4751	Regan .....	1470
Holland .....	4657	French .....	1366
Hobbs .....	4647	Quinlan ...	334
Baune .....	3792		

There were 13,619 voters. Each had a right to vote for three candidates. If 5 or 6 thousand voters united on some three men, they could probably control the whole representation. This does not appear to be done in New Zealand. In the election of 1893, for instance, the head of the poll in Auckland was a Liberal and the other two representatives belonged to the Opposition. This was true also in Wellington. The system of direct popular nominations with a reasonable amount of independent voting in a district where three representatives are to be elected may produce effects like those of a system of proportional representation. But this is not true of districts which elect but one representative, and the fact that a well-organized minority, or at most a bare majority, *could* control the whole representation, even in the city districts, sufficiently proves the need of amending the system.

The composition of the legislative assembly should fairly represent the composition of the vote. The relative voting strength of each considerable class and interest in the community should be reproduced in the legislature; otherwise it will not fairly represent the people; it will over-represent some classes and under-represent or fail entirely to represent others.

If 280,000 votes are cast for 70 representatives any 4000 voters uniting on a candidate should be able to elect him. In this way every class will enter into the legislature in substantially the same proportion that it enters into society, and the legislature will become a *miniature* of the State, a *political photograph* true to life.

Under the present system the Liberals or the Conservatives might carry every district and exclude the Opposition from Parliament entirely altho it had a third or more of the people. Twelve years ago the Liberals were not fairly represented, and it is probable that the Conservatives are not fully represented now, tho the distance from fair representation with direct nominations under universal equal suffrage is of course far less than under the old system of plural votes for the rich. Nevertheless it is clear that the system is not yet in full har-

mony with the principles of equalization. No matter what the views of voters may be, they have a right to fair representation and hearing on the floor of Parliament in proportion to their numbers in the community.

The problem is to unite the benefits of proportional representation with the advantages of the district system in respect to thoro acquaintance of the constituencies with their candidates. It would seem that this could be done by enlarging the town and country districts so that each should elect two or three members, adding perhaps another class of members to be elected at large, and adopting some form of the proportional election methods in use in the Swiss Cantons, and in Belgium both in national and local elections.<sup>1</sup> The mere election of two or three members in a district instead of one would be apt with direct nominations to produce a sort of proportional representation, as we have seen above.

#### The Debates.

One of the best discussions of the question occurred in 1889, when Colonial Treasurer Hislop moved the second reading of a bill involving proportional representation, saying: "It is a bill of the greatest importance. There is considerable opposition to the Government's proposition. It would not astonish us if those who have been successful under the old system of election should be prejudiced against any change being made in it. At the very root of the question of an elective system is a consideration of what a representative system ought to be. If we deal with it either historically or scientifically we can only come to one conclusion: that the elected body ought, as far as possible, to represent in matters of opinion the whole community; in effect to be the community in miniature. This has not been attained.

"In the North Island, 27,000 are represented and 24,000 unrepresented. With such results it cannot be stated that our present system approximates to anything like our idea of what a representative system ought to be.

"I have been in the House a great many years and I know that when a measure somewhat on the same lines as this first came down, very few were found to advocate it; now they can be counted by dozens."

Quoting Mirabeau, the Treasurer said: "A representative body is to the nation what a chart is for the physical configuration of a country, it should at all times present a reduced picture of the people, their opinions, aspirations and wishes, and that presentation should in all

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<sup>1</sup> For details of methods see "Proportional Representation," by Prof. John R. Commons, *Bliss' Cyclopedia of Social Reform*, *Lalor's Encyclopedia of Political Science*, and *The City for the People*, Equity Series, Philadelphia.

parts bear the same relative proportion to the original precisely as a map brings before us mountains and dales, rivers and lakes, forests and plains, cities and towns."

The bill provided for large districts, fifteen or twenty members being chosen in a single district; divided the total number of votes by the number of persons to be elected plus one, to get the quota, and introduced a system of preferential voting by which each voter should mark the names of candidates in the order of his preference. The ballots of the candidates having the fewest first preference votes, were to be redistributed one after another to the first succeeding preference needing the vote to make up the quota, and those candidates to whom this process carried to the end finally gave quotas, were to be declared elected.

There was strong opposition to this plan, especially on account of the large districts, which were intended to secure candidates of national weight, and exclude petty local influences from national elections.

John Ballance said: "All that has been done is to show that the present system of election is bad. It has not been shown that this scheme is better. A similar bill was brought down in 1878 by Sir Frederick Whitaker, and a number of members were in favor of it. I want proof that it has gained strength. I was greatly enamored of Hare's scheme when I read Hare's book. But I think it would take an education of fifty years to make the average voter understand the scheme. During the recess I had a test election to try the Hare system, and the voters only marked the two or three most popular men out of seven. The districts are too large. The candidates cannot get round to address the people. That is the strongest argument against the bill. No man unless he has large means, great leisure, and an immense amount of health, could possibly visit all the people in those districts. . . . In the House of Commons 191 members were at one time pledged to the Hare system and Sir John Lubbock's bill, but when it came to the test the whole House rejected the scheme of proportional representation and went to the single electorate system practically unanimously. . . . You say it is not the voter's business to understand the scheme, but if he does not understand it how will it work? I say *it is the voter's business to know the quality of the men returned to represent him in Parliament*. What we claim is that the voter never would know that."

Wm. Pember Reeves said: "There is a strong preliminary objection to this measure at this time. The people have had no opportunity of expressing an opinion upon it. The Hare system was never even mentioned at the last election, the questions were drastic retrenchment, Protection *vs.* Free-trade, no further borrowing, and maintenance of the educational system as it is. The Hare system is a complicated and troublesome system to understand. I maintain that *the local character of our present electoral system is one highly prized by the electors*

. . . Now I wish to say a word about the underlying fallacy of the Hare system, namely, that all minorities have a right to representation in Parliament. I say they have nothing of the sort. It depends on the

minority. If it be a strong, active, and large minority with well-defined principles, it has a right, and I am going to say further it is always represented here under our present system. But I do say that those little, trivial, petty minorities which are always dividing up constituencies should not be represented.<sup>2</sup> We do not want them here.

"It will increase the number of faddists in the House. We already have specimens in this House of men with one idea, men who are ready to subordinate every thing else in order to carry their one darling fad

"I will ask the House if these men with one idea are a hindrance or a help to the practical business of the country. As it is minorities are too well represented here, every shade of opinion is too accurately reflected, with the result of a weak government. But bad as it is, if you adopt the Hare system it will be ten thousand times worse. Small peddling minorities have no right here. They would be a hindrance to business. Let them grow to reasonable strength outside before they come here. Democracy is not ruled by minorities but by majorities. This Parliament ought to be the net result of the threshing out and elimination which goes on at elections. . . . The machine and caucus system do not rule here. The trouble here is we can't get enough party organization. . . . Now for the machinery of this bill. My own constituency, Canterbury, Westland, Nelson and Marlborough, is to be allotted 21 members. There may be 70 candidates, perhaps, for these 21 positions. The bill is absurd. It is designed to keep the people away from the polls, and restrict the exercise of the franchise to the intelligent, educated, and wealthy minority.

"Then there is an element of chance in the system. Suppose the quota is 1700 and candidate D has 2000 votes, 500 of which are marked for G as second choice. Now if the 1700 is taken out of the 2000 in one way, G will have 300 votes, while if the distribution follows another course, G will have no votes at all, the whole 500 with his mark on going into D's quota pile.<sup>3</sup> . . . The Hare system gives a great and unfair advantage to the men who get No. 1 votes. It plays into the hands of those coteries—the Orangemen, the Catholics, the State bank men, the teetotalers, and others where you can get a fairly large organization to vote on one connected plan. . . . I think if a system were adopted under which a man would be elected whose name appeared on the largest number of papers it might have its advantages."

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<sup>2</sup> The true aim would seem to be to adopt means by which any *considerable* minority could secure representation. Mr. Reeves' statement that strong minorities are always represented under the present system does not agree with the fact that in many districts nearly half, and in some districts more than half, the voters are unrepresented. It is not necessary that the political photograph should show every freckle and pimple on the body politic, but it should not omit half the face. The map may neglect the little creeks and baby hillocks, but must not leave out the large rivers and important elevations.

<sup>3</sup> In Tasmania, where the proportional system was used to some extent, a method was devised for overcoming this uncertainty by giving G, or other candidate receiving second choice votes, the same ratio of D's surplus votes that G's second choice votes bore to the whole 2000 ballots. If one-quarter of the total second preferences were for G as in the above case, then one-quarter of the surplus votes were given to G, and this principle was applied throughout the distribution.

In summing up Mr. Reeves emphasized the following reasons for opposition to the measure: (1) It had not been asked for by the constituencies and was too important to pass without consulting them. (2) It was wrong in principle; small minorities had no right to representation and would be nuisances in the House; a new idea must first prove its value by winning a considerable support before it has a right to enter the Legislature. (3) It would be unfair to candidates to make the districts large. (4) It would be unfair to the people for they could not get acquainted with the candidates and know their quality. (5) Its working would be uncertain and cumbrous. (6) It would throw all political influence into the hands of a small, wealthy, educated minority.

It does not seem to have occurred to the Liberals opposing this bill, that a combination of the advantages of small districts and the representation of large minorities, might be obtained by a system of single electorates on first-choice votes, with a few candidates at large to be chosen upon the unused or unsuccessful district ballots by the preferential method; or by a system of double electorates, each district returning two members elected by preferential ballot, a voter's ballot being counted for one candidate only, a plan which would leave the districts small enough for the candidates to meet the people according to New Zealand custom, and still prevent the anomaly of non-representation of nearly half of the voters.

Mr. Saunders, in supporting the bill, drew attention to the vital point when he said: "The Government made a mistake in enlarging the districts so much; 32,350 electors voted in the Nelson M. W. & C. district, and 14,362 had no representative, while 3,684 more wasted their votes in giving unnecessary majorities to successful men. . . . John Stuart Mill is admitted on all hands to be the deepest thinker that ever sat in the Parliament of Great Britain, and he says of this system that it is 'not only the most complete application of the democratic principle that has yet been made, but its greatest safeguard.'"

(See N. Z. Hansard, vol. 64, pp. 245-264, 287-293, 417, 428.)

In 1896 the Preferential Voting and Proportional Representation Bill proposed much smaller districts with 5 members each—still twice as large as need be. "Majorities must rule, but minorities should be heard," said a member. "Every reform originates with a minority." Captain Russell, leader of the Opposition, favored the measure. "Frequently," said he, "members do not represent the majority of their constituencies. And on the other hand we have seen such men as Ballance, Stout, and Rolleston, defeated by small majorities." Sir Robert Stout supported the bill, but remarked that it might give undue prominence to small cliques, that was the greatest danger, he thought. "The question of such a change should go to the voters anyway," he said, "and probably it would be best to use the system first in municipal elections." Premier Seddon opposed the act, saying: "Up to the present time minority representation has baffled the brightest minds. The bill may be summed up as 'The Representation of Present Public Men Preservation Bill.' The position of present public men would be almost assured against that of coming men. If this bill had been in force

the very man who introduced it would not be here, for his only chance was because he was known locally. . . . It would bring in the faddists. . . . It is complex. The people must be educated up to preferential voting. My contention is this: that you must go forward by safe degrees. I have no hesitation in saying that the *second ballot* is a solution of the difficulty."

The motion for a second reading was lost by a vote of 19 to 12. (N. Z. Hansard, vol. 94, pp. 500-523.)

#### MAJORITY CHOICE BY SECOND BALLOT.

When we turn from the question whether minorities shall be represented, to the still more important question whether majorities shall be unrepresented, we find practical unanimity among the public men of New Zealand in condemning the non-representation of majorities, but marked divergence of thought in respect to the mode of securing majority choice. It is agreed that plurality choice resulting in the domination of elections by minorities, is an evil that must be remedied; but some regard the preferential ballot as the true remedy, while others favor the second ballot, which is in use in Germany, France, etc., and has at least proved much more satisfactory than minority rule.

The Government stands for the latter method. In the Electoral Bill, 1902, there was a provision that if no candidate received a majority of all the votes cast in the district (or where more than one candidate is to be elected, if the whole number to be elected have not received such majorities), then a second election should be held within 12 days to choose between the two candidates highest on the list at the first election (or, in multiple districts, between the candidates who would have been declared elected under the plurality rule, and the next highest on the list). Only those who voted at the first election can vote at the second.

In urging this provision Acting-Premier Ward stated that a second ballot would have been required in only 16 electorates in 1896 (four city districts and twelve single electorates in the country or smaller towns), and in 1899 only 11 contests would have needed the second ballot (four in the cities and seven in the single electorates).

The Government favors the second ballot rather than the preferential vote because the former involves no change in the method of balloting, and is, therefore, less likely to confuse the voters. The second ballot, however, was strongly and successfully opposed in the House,<sup>4</sup> as being decidedly clumsy, expensive, inefficient, and likely to provoke intrigue between

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<sup>4</sup> The second ballot clauses were struck out in Committee of the Whole, Sept. 11, 1902, by a vote of 35 to 26. An "Absolute Majority Bill," providing for Ware's method of preferential voting, was introduced and ably

the first and second ballotings in order to secure the scattered vote for one or other of the leading candidates. Stress was laid on the extra cost in time and money, and the difficulty of getting all who voted at the first election to come out for the second. The second ballot is also open to the objection that neither of the candidates who stand highest on the list under the plurality rule, may be the man the majority would prefer in a clear issue between each candidate in the field and all the others. All of A's people may prefer C to B, and all of B's people may prefer C to A, so that C would be the real choice of the people by an overwhelming majority, and yet the second ballot would confine them to a choice between A and B. The preferential vote is the only method that does justice to a low first-ballot candidate for whom each of the factions would vote if it knew its own pet was out of the game. The objection that the preferential method involves a change in the method of voting has not much weight if the number of candidates is moderate, as would be the case in districts of reasonable size. Any voter who cannot learn to mark his first, second

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supported by Mr. McNab of Mataka, but a member's bill moves slowly till it wins sufficient support to command the aid of the Ministry.

For the debates last session, see N. Z. Hansard, vol. 120, pp. 224-228, and vol. 122, pp. 184-221, 251-270. In presenting his bill Mr. McNab said: "I would just mention some of the constituencies that during the last general election returned honorable members who were not voted for by a majority of the electors who cast their votes. In the case of the Auckland constituency, no less than three members; then we have Parnell, Ohinemuri, Hawera, Palmerston, two members for Wellington, two for Christchurch, Selwyn, Ashburton, and Clutha, all of which returned to this House members who were elected by minorities. . . . Our system counts only the votes that a man has secured as against the next candidate. If there are three or more candidates, those who vote for the third and fourth candidates are not counted at all. It cannot be said that they influenced the result of the election in the very slightest; because the votes are not even counted to ascertain the majority that the leading man has. It would accomplish exactly the same result in the election if those electors in the Colony who voted for the third, fourth and fifth candidates in these particular cases had never been upon the electoral rolls; but if honorable members were to bring forward a proposal in this House under which large numbers of the electors of this Colony were disfranchised I am certain that we would hear a very loud cry from the people of the Colony. . . . The man who is at the bottom of the poll on the first count might be able to defeat any one of the other candidates taken singly. . . . Under our present system it may be possible for every other candidate than the winning candidate in the contest to defeat the winning candidate in single-handed contest.

"Under the bill (in case of multiplicity of candidates splitting up the Liberals, or Conservatives, or in any way causing confusion) there is no need to ask any candidate to retire, nor any fear that the majority will be defeated by division among two or more candidates while a minority goes in by uniting on one man. The electors themselves by their statement of preferences ask the less desirable candidates to retire from the contest.

"On account of its simplicity Ware's method is extremely suitable for political elections. In case of party contests the strongest party is sure to win, no matter how many candidates are brought forward."

and third choice for representative, has not enough intelligence to make it a cause for regret if his ballot should be thrown out. An automatic means of excluding the careless and unintelligent vote is by no means a bad thing.

To take the simplest case, let us see how the plurality rule and the preferential system work in the election of a single officer like the mayor of a city or the representative of a single-electorate.

Suppose there are 100 votes and three candidates, A, B, and C, and the vote stands:

For A	35	_____
B	33	_____
C	32	_____

Under the plurality rule A would be declared elected. But the 32 who voted for C are then disfranchised because they didn't happen to vote for one of the two most popular candidates. They have no choice in deciding the issue between A and B. A large majority of them might have preferred B to A if they had been consulted on what turns out to be the ultimate issue under the plurality system, namely, whether A or B should be elected. They could easily be consulted on the ultimate issue by allowing each voter to state his preferences thus:

Ballot		Ballot		Ballot	
(1)	A B 2 C 1	(2)	A 1 B 2 C	(3)	A B 1 C 2

If all C's men were to vote as in the first example we would have,

For A	35	_____
B	33 + 32 seconds	_____

This would elect B as the real choice of the majority on the question between A and B. The 32 first-choice votes for C have no effect because there are two other candidates having



more first-choice votes than C. But the second-choice votes on the C ballots can take effect as an automatic fusion, with the same result of election by a real majority as if another ballot has been had with A and B as the only candidates.<sup>5</sup>

The preferential system can go further than this. It is able, not merely to decide between the leading first preference candidates on the majority basis, but to determine among all the candidates by the majority test. Out of A's first preference votes suppose 5 give the second preference to B and 30 give it to C; 2 of B's first preference ballots give the second preference to A, and 31 give it to C; 14 of C's first preference votes have A marked for second choice and 18 have marked B second. Then the vote will stand thus:

Firsts to A 35, giving seconds	5 to B and 30 to C
“ “ B 33, “ “	2 to A and 31 to C
“ “ C 32, “ “	14 to A and 18 to B

Uniting the preferences shown we find that as between A and B, B is preferred to A by 51 voters or a small majority of the whole; as between A and C, C is preferred by 63 voters; and as between B and C, C is preferred by 62 voters. It is therefore clear that the great majority of the electors prefer C to either A or B, and C should be the successful candidate; whereas, the plurality system would give the election to A, tho in reality he has more voters against him than either of the other candidates; and the second ballot would put B in office, tho he is certainly far less popular than C when you get down to the facts with a system that allows the voters to express themselves on all the issues presented.

#### MORE OF THE REFERENDUM.

As we have seen in a former chapter the referendum is in use in New Zealand to some extent both in State and municipal affairs, and there is an earnest movement to extend its appli-

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<sup>5</sup> This method is already in successful operation in Queensland, Australia. The first effort to secure majority representation was a provision for a second election when no candidate had a majority on the first, but this method was found expensive and unsatisfactory, and the "preferential" or "contingent" vote was adopted Aug. 9, 1892. The voter may mark a 3rd, 4th, or further choice as far as the list of candidates extends. (See *Century Mag.*, Dec., 1892, p. 313; *Annals Amer. Acad. Polit. and Soc. Science*, July 14, 1896; *State Experiments*, vol. I, chapter 5; and the *City for the People*, 1902. A bill for the contingent vote was introduced in the New York Legislature in 1896, but did not pass.)

cation in State affairs, especially in cases of disagreement between the two Houses of Parliament, and also in cases where both Houses wish to secure a definite expression of public opinion on some question of policy or specific legislation.

There are weighty reasons for believing not only that this movement will be successful, but that it will lead to full provision for the referendum not merely at the option of one or both Houses of Parliament, but at the option of the people also, acting through initiative or referendal petition. It should be in the power of the sovereign people, not only to vote on a proposition submitted by their agents, but to demand that a specified proposition shall be submitted to them. Leaving the option in Parliament fails to provide for the possibility of both Houses failing to act in entire accord with the will of the people. If the chambers unite in doing something the people do not approve, or in neglecting to do something the people want done, the question will not be submitted so long as the option is in Parliament alone, and yet it is in such cases that the referendum has some of its most important applications.

A few of the broad reasons on which the movement for the referendum is based are as follows:

First: It is clear that even the most carefully selected legislature may not always do what the sovereign people wish them to do. The judgment even of the best representatives may not always coincide with the will of the people.

Second: The mixture of issues that marks the ordinary campaign, and their entanglement with the personal characteristics of candidates, makes it often impossible to be sure of the people's will in respect to specific questions more or less aside from the main issue, even tho they were discussed at the election. The only way to find out what the people's will really is in respect to any measure, is to provide the means for submitting that specific question to the people themselves.

Third: The principles of self-government require that the people should at all times have control over their agents. It is not enough to instruct them once in three years. Many questions arise that were not settled or even discussed in the campaign. The periodic election of men whose will is to be paramount till the next election, is not actual and complete popular sovereignty, or Government by the people, but more like the privilege of selecting every few years a new set of masters, who may act out the people's will as nearly as they can judge of it, or may follow their own personal interest or wish, as they like, just as a guardian may do as the ward wants him to, or not, as he chooses. The people should have the power to veto the action of their

representatives without waiting 2 or 3 years to do it, and the power to compel the adoption without delay of any law they want, or else the real sovereignty is not fully theirs. He is the real sovereign whose will is in control, and who has the means of enforcing his will at all times.

It is all right to have an architect draw plans for your home, but it is only common sense to have him submit the plans to you for approval before they are carried into effect. At least you should not deprive yourself of the power to call him to account at any time you wish, and give him further instructions about matters that may have escaped your attention when you gave him his original instructions, or in respect to which you may have changed your mind. So with legislation, it is well for the people to avail themselves of the advice and skill of experts, but it is also well not only to instruct them at the time of their employment, but to reserve the right to instruct them at any time in respect to any specific measure about which the people may desire to express themselves directly.

The people cannot govern unless they can express their will, and there is no way in which they can express their will definitely and effectively at any time they desire to do so except through the referendum and initiative.

Fourth: It practically destroys the possibility of corrupt enactment or class legislation.

Fifth: It abolishes the private monopoly of law-making and Government, which exists, at least as a potentiality, wherever laws may be made by a few without power of direct and immediate veto or control by the many.

Sixth: It simplifies elections by separating issues.

Seventh: It is a valuable aid to the entire exclusion of partisanship and personal considerations from legislation.

Eighth: It is a powerful educator.

Ninth: It perfects the representative system by guarding it against misrepresentation, unintentional or intentional.

Tenth: It is the logical outcome of the movement from monarchy to democracy, the transfer of power from the few to the many, the uplift of the common people and development of popular government, that has marked the 19th century throughout the civilized world.

The benefits of direct legislation may probably be secured in large measure without waiting for the concurrence of the Upper House, by pledging candidates for the Lower House to adopt rules of procedure requiring a definite expression of public opinion to be taken through the post-office, or otherwise, on any question pending before Parliament whenever 10 per cent of the voters call for such expression.

#### The Debates.

In 1893 and '94 Seddon, Reeves, and others, opposed the Referendum Bill on the ground that the people already had "the fullest means of

controlling the general principles of legislation," that a Parliament full of "trained experts forced to study every question carefully and discussing it on its merits," were better able to judge of laws than "a tribunal that is not forced to study questions or obtain a knowledge of them," that it would be expensive, costing \$100,000 to refer a question, and that it might prove a conservative measure. "New Zealand is in the van, our people are enjoying a freedom that is not given to the people of Switzerland or of the old world, why should we desire to disturb this state of things?" Switzerland voted 300,000 to 92,000 against a proposal that the State should see that employment was given to every one who needed it. "I venture to say," said the Premier, "that the verdict of the people of New Zealand would be somewhat different if you were to refer that question to them"—showing even in this debate the underlying confidence in the progressiveness of the people which is so strong an element in his 1901 address.

The most effective arguments of the advocates of the bill in 1893 and '94 were the use the referendum would be in overcoming the obstruction of the Upper House, and the value of the separation of issues. "In the elections the people cannot give a decision on any one subject. . . . By submitting a bill to the country you disembarass the question of all side issues and personal considerations."

In 1901 the second reading of the Referendum Bill was moved by the Premier himself. Mr. Seddon advocated the measure with great vigor, expressing the feeling that it was a question of providing against deadlocks, etc. "We have passed bills that were thrown out in the Other Chamber, and there was practically no appeal. . . . It would have been an advantage, years ago, if we could have referred the question of Old-Age Pensions to the people. It would have been on the statute book sooner than it was. So now the question of Prohibition should be referred, and the question of having the Bible read in the schools, and the question of federation with the Australian Commonwealth. . . . It will afford the means of testing public opinion on a further change in the incidence of our taxation, in the direction indicated by the Single-taxers. There is too much paid by indirect taxation. Then the Elective Executive Bill might be submitted and the Absolute Majority, or Preferential Voting Bill. Then suppose you refer to the people the question of the abolition of the Legislative Council, and the Removal of Women's Disabilities. If this bill were passed, Parliament could have these questions tested by adopting a resolution for reference to a referendum. Let us get it through, and make another step forward in progressive legislation.

"The referendum might be taken through the Census. We all know that we ourselves have to go to the fountain head, the people, every three years. What danger can there be in sending the question to the very people who are our judges, and ask them to guide us by giving their opinion on the subject?"

Captain Russell, Leader of the Opposition, said:

"As an organized body, the Opposition has ceased to exist, but as individuals we should still, to the best of our ability, criticise every

measure he (the Premier) brings down." The Captain then spent some time in trying to make out that the Premier did not want the bill to succeed because it would really be a Conservative measure, and then continued: "It will bring a complete revolution of the Constitution of New Zealand, and take away every safeguard that now surrounds our legislative proceedings. We are destroying the power of the House of Representatives. We are abolishing the functions of the Legislative Council, and infringing the prerogative of the Crown, referring measures to the uninformed vote of the people. The restrictions on hasty legislation are not too great at the present time. The bill sweeps away all the wise safeguards of legislation." He had a few moments before said he believed it was a Conservative measure, and a few moments later he declared that the results in Switzerland have been conservative.

Mr. Hogg said: "A number of years ago, I opposed the Referendum Bill. Now I intend to vote for it, and I will explain my conversion. The Captain now says it is undesirable, but nearly every important measure that has passed in the last ten or twelve years was deemed undesirable by the honorable member and his colleagues. The Land Act of 1892, in his opinion, was very undesirable, and the Land for Settlements Act, and the Old-Age Pensions and Advances to Settlers. Now, as he states that the Referendum Bill is undesirable, I take it that it must be placed in the same category.

"I am of opinion that the people should be the ultimate controlling power. They should be the ultimate Court of Appeals. . . . There was a time when the principal employment of the Other Chamber was not merely to revise our bills, but to consign them to the waste-paper basket. I am told the Upper House is no longer standing in the way of the wishes of this Assembly; but it can do no harm to provide a means of control in case of necessity."

Mr. Ell cited instances to show the excellent effects of the referendum in Switzerland and the United States, and said: "The referendum has a wonderful effect in educating the electors, but this bill does not go far enough; it fails to place the initiative in the people."

Carncross opposed, saying: "The referendum would destroy the chance of passing liberal measures. . . . It is an appeal from those who do know to those who do not know, and it is too costly."

In the Legislative Council, Walker, Minister of Education, said: "To put an end to unrest is a very great benefit as regards many questions that may have been troubling the public for years, but the bill does not go far enough. It would be better to give the people the initiative as in Switzerland."

McLean opposed, saying: "The abolition of the Council is evidently the main object of this bill. . . . I would not stand in the way of the referendum for a moment if it were properly put before the country, and the country had properly pronounced upon it, even if it were the death knell of the Council. I would be satisfied if the subject were properly threshed out in the country, for the people are the judges of what legislation should be, and I, for one, am always ready to accept their decision."

Twomey said. "The bill is a slur on the Council. I have no objection to submitting abstract questions to the people, but the initiative I dread as a sort of legislative dynamite. The so-called rights of the people are clap-trap."

Louisson opposed, saying: "Ninety per cent of the people do not care one penny about it. It is unworkable and impracticable; no necessity for the bill. There are no deadlocks." (There was a deadlock on this very bill.) "Our legislation has been good, admired in other countries. Let well enough alone."

Smith: "This bill should itself go to the people."

Rigg: "The most important point in regard to the referendum is that laws passed by Parliament may be annulled by vote of the people and that the people may demand the referendum. This bill is not the referendum. . . . A few years ago, a majority of the Council were somewhat obstructive and stiff-necked, but they are no longer so."

Jenkinson: "The people can petition Parliament, if they want a referendum, or legislation. It was owing to the petitions in favor of Woman Suffrage that a number of this Council saw there was a general desire on the part of the women to have the franchise, and they accordingly voted for that measure. I did not vote for it. . . . The people will say: 'We selected you as men of ability to do your duty, and come back to us at the end of three years, that is a referendum that should be sufficient for any one.'

"This bill provides that the tail should wag the head. . . . It has a clause in it by which this Chamber could be abolished without its consent. I do not approve of it."

Colonel Pitt said: "Parliament cannot divest itself of its legislative functions. The bill is waste paper. . . . A better solution of deadlocks is to let the two Houses sit together and the majority of both decide."

This session also, 1902, the Government has championed the Referendum, and it was favored by a big vote in the House.

In the debate, September, 1902, Mr. Ell said: "Our people are quite as capable of expressing an opinion as those of Switzerland. If they are capable of selecting men who may place nine or ten questions before them in one night in an hour's speech, as they do now, surely they are capable of judging on one issue, which would be thoroly threshed out, and every detail explained. Between 1874 and 1894, the people of Switzerland demanded by the initiative that eighteen measures which the Legislature had passed should be submitted to a ballot of the people. Surely that is a reasonable test, and a test we may accept. The mere fact of the power of the direct ballot being in the hands of the people would have a certain influence on this House, if they had the power of vetoing any measure passed in this House."

Carncross: "The honorable member for Christchurch City (Mr. Ell) mentioned the infrequency of the occasions on which the Referendum was called into use in Switzerland. Well, I think that is an excellent argument to prove that the Referendum is not wanted at all,

It is a cowardly shelving of our own responsibilities—it is an appeal from those who do know to those who do not know.”

Meredith: “It is the right of the people to speak and assert themselves on all great and important questions.”

Fisher: “Would the honorable gentleman care to see the Swiss system of trades introduced into this country? I ask him whether we would care to reduce the English workingman in these colonies to the level of the workingman in Switzerland?”

Mr. Monk: “Not to the same pay.”

Mr. Fisher: “Then, why introduce their system here? Why attempt to introduce to this country a system of government which reduces a workingman to the condition of the Swiss laboring man? I have got the honorable gentleman at last in a logical grip. I have got the honorable gentleman in a logical vice that he cannot get out of.”

(Mr. Fisher is almost the only member of the New Zealand Parliament who uses this quality of logic, or has this sort of vice. The “honorable gentleman” made no effort to “get out.” The viciousness of the vice was evidently too much for him.)

Sir W. R. Russell: “I would point out that it would throw the legislative power entirely into the hands of the dwellers of the large cities; for the people living in the country cannot afford to spend their days riding many miles.

“The Swiss are a homogeneous people, but a large proportion of the inhabitants of New Zealand, or at all events over fifty per cent of the population are not native born; as for America, knowing what I do of the state of American politics, more particularly those of the separate States, I have very serious doubt whether they afford models to imitate. If members realized fully that by this bill they were abrogating their powers and destroying the constitution of the country, they would be slow to vote for it.”

Mr. Hogg: “The honorable member for Wellington (Mr. Atkinson) was seized with what has been for many years a huge bugbear in this Colony—the fear that the Russians might take New Zealand by storm, and I think there was some alarm also on the part of the honorable member for Christchurch City (Mr. Collins). The danger signal appeared to be passing from one city member to another. They wanted very materially to augment the British fleet in these waters, and they were prepared to incur an almost unlimited expenditure in that direction. Now, I think in connection with a matter of that kind, before members commit themselves in such a way the people should have an opportunity of being consulted.

“There was a time when I considered it would be premature to pass a Referendum bill. There was a time, not many years ago, when I thought it might be a dangerous thing to intrust too much political power to the community; but since that time the people of the Colony have been educated politically; so much so that I believe the majority are about as able to deal with intricate questions as the great majority of members of this House . . . The question is, ‘Have the people sufficiently advanced to be intrusted with this power?’ No

doubt the problem involved is exceedingly large and important. But considering the difficult questions we have to solve, considering the huge measures in front of the country that must be decided by some tribunal, the sooner we call in the best and most effective umpire of all—the voice of the people—the better, I think, for the country. It is objected that huge mistakes will possibly be made. Well, we are not infallible ourselves; we make grave blunders, and even if now and again the people make a mistake, what harm is there in that? In experimental legislation of any kind mistakes and blunders are made; but where is the permanent harm? A blunder can usually be rectified. What have we been doing all this session? We have been engaged, not with policy measures, but in cobbling bills which require revision. We have been patching them, and rectifying them, because we are beginning to discover their errors and omissions.”

Hanan: “I think the people, from one end of the Colony to the other are looking to Parliament to put this popular political principle of democratic progress on the statute book this session. The reform contained in this bill has formed one of the leading planks of the political platform of the Liberal and progressive associations of the Colony for years. When this bill was rejected by the Upper House last session, we found that there were strong protests from nearly all the leading Liberal journals of the Colony, and from every Liberal association. To my mind, if the Upper House should reject this measure again, after being twice passed by this House, it behooves us and the people of the Colony to consider what reform will have to be brought about in the constitution of that Chamber, so that it shall be made to reflect the opinions of the electors in respect to this and other Liberal and democratic reforms. It is for the people of this Colony to say whether they are going to allow the Upper House to thwart and resist the wishes and will of the people in respect to this popular and necessary measure; and I say that this House, and the people of this Colony will not continue to stand the actions of the Legislative Council strangling or rejecting measures of this kind.

“I have always maintained that if we adopt the Referendum, it would be an important factor in the improvement, and an accession to the power of our system of constitutional representative government. With the Referendum, you have a popular political machine, a simple and direct method of ascertaining clearly and unmistakably the opinion and will of the people on national political questions. We have, as you know, local referendums taken in respect to municipal loans, to local option, and other local questions; and I can see no reason why the voice of the people should not be heard, and their judgment recorded in connection with national questions like that of colonial prohibition, defense, borrowing, the totalisator, Bible-reading in schools, and other similar national questions.

“If you place power in the hands of the people, you will find that they will use it wisely and well. The intelligence of the people is the highest human tribunal. It is freer from taint than any other.”

“Mr. Hutton, in his philosophical writings, summing up the great



political events of the last fifty years in Great Britain, states that the general political judgment of the masses has been more correct than that of their representatives. This is based on fifty years' experience. Then again, we have Mr. Gladstone, in one of his speeches, truly observing that, 'the whole history of the country since the peace in 1815, shows that the popular judgment on these broad issues has been more really just and true and has gone more to the root of the matter, than those of the higher orders.' The view I take of it is, if we give the people greater responsibility, whether applied in a local or national sense, the more their care, caution, and intelligence will be exercised.

"You focus the opinion of the public on one subject, concentrate it on one point, and there is no mistaking their opinion, or will, in regard to it."

Quoting Mr. Leckey, he continued:

"If the electorate is to judge policies, it is surely less likely to err if it judges them on a clear and distinct issue. In such a case it is most likely to act independently, and not at the dictation of party wire pullers. It is to be remembered, too, that the Referendum is not intended as a substitute for representative government. All the advantages of Parliamentary debate would still remain. Policies would not be thrown before the electorate in a crude, undigested, undeveloped state. All measures would still pass through Parliament, and the great majority would finally be decided by Parliament. It would only be in a few cases, after a measure had been thoroly discussed in all its bearings, after the two Houses had given their judgment, that the nation would be called on to adjudicate. The Referendum would be an appeal from a party majority, probably made up of discordant groups, to the genuine opinion of the country."

G. W. Russell said: "I would merely say that I support the Referendum, because it gives the Colony the right to go to the direct fountain of power for an expression of opinion upon any particular subject upon which the voice of the people may be desired."

Collins: "The people may be so liable to be swayed one way or the other by parties who are interested in carrying the question one way or the other, that I say the proposal cannot be decided in the same way as it should be decided in the calm, serene, and logical atmosphere of the House of Representatives."

Acting Premier Ward replied to objections, and said: "There can be little doubt that the people of the country want some system of referendum established in the Colony."

The House divided, and in spite of Fisher's logical vice, voted 45 to 10 for the Referendum.

#### THE POPULAR RECALL.

The right of a majority of the electors in a constituency to demand at any time the resignation of their representatives has been affirmed by statesmen in New Zealand and Australia,

and it is not unlikely that appropriate machinery for the exercise of the right may be established after the referendum and other measures now at the front have been disposed of.

With direct legislation, and preferential voting for majority choice and proportional representation, fully developed, the popular recall is not likely to be much used, but still it is an essential element of complete democracy, or government by the people, and is therefore in the direct line of movement in New Zealand. A principal has the right not merely to instruct his agents and veto their plans, but to discharge them if he finds them unsuited to the work in hand. The people should have the same right to recall unsatisfactory agents.

In the coöperative settlements of South Australia it was provided that the decisions of the trustees or governors elected by the settlers could be set aside and the men themselves removed by a two-thirds vote of the villagers.

In California cities may make and amend their own charters, subject to the veto power of the State legislature, which has not been and is not likely in any ordinary case to be used. Under this provision Los Angeles has recently (December 1, 1902), by vote of the people, put the initiative and referendum, and the recall, into her home-made charter. The holder of any elective office may be removed at any time by a new election for such office; and such election must be held upon petition of a number of voters equal to 25 per cent of the entire vote for all candidates for the said office at the last municipal election; the petition to contain a general statement of the grounds for which such removal is sought. The Legislature has ratified these amendments tho the recall was evidently distasteful. As the Los Angeles *Express* remarks:

"The idea of turning a man out of office, once he has been elected, simply because he is incompetent, or regards public office as a creation for his own personal benefit, is calculated to shock the sensibilities of the practical politician. After he is elected, doesn't the office belong to him? Hasn't he a vested right in it? Didn't he spend money to get elected? and hasn't he always aided in the advancement of the interests of the party? Didn't the people tacitly give him the privilege of doing as his peculiar wisdom dictates when they elected him?

"Hence, the politician of the North thinks the Angelans must be crazy to hanker for the privilege of turning their public servants out of office if they do not behave themselves. In business enterprises men may be appointed to positions of trust, and they may be peremptorily dismissed for dereliction of duty, but the idea never will work in politics. It would rob office holding of its delight and profit."

In 7 of the Swiss cantons a certain number of citizens (from 1 to 12 thousand, according to the size of the canton) can demand a

popular vote on the question whether the Great Council (the one-chambered legislature) shall be dissolved or not, and if the vote goes in the affirmative, the chamber's term is ended and a new election takes place at once. It is found that the development of the initiative and referendum makes it no longer necessary to use the recall upon the Council. But in the case of executive officers direct legislation cannot do away with the need for the recall, and even in respect to legislative bodies the option of dissolution should rest in the people as well as in the Government.



# APPENDIX

## I.

### PROGRESSIVE TAXATION.

When New Zealand's Liberal statesmen began their reforms in 1891 by democratizing the tax laws, they showed the highest wisdom. Taxation is sovereignty with the pruning knife in one hand and the watering pot in the other. The power to tax is the power to foster or to kill, to encourage industry or destroy it, to build monopolies or burst them up.

Experience with the progressive taxes indicates that nothing short of public ownership or a steeper graduation of taxes could have gone so straight to the heart of monopoly as the abolition of the time-honored property-tax (with its uniform rate on land, buildings, fixtures, and other improvements profitable or unprofitable), and the establishment of the graded land and income taxes, the leading elements of which may be summarized as follows:

(1) Exemption of improvements, live stock and personal property, and of small estates and incomes.

(2) An ordinary percentage tax (1d in the £) on land-values above the exemption (\$2,500 if the unimproved value above mortgages does not exceed \$7,500, and \$5 less exemption for each \$10 of such value above \$7,500).

(3) A graded tax on land-values above \$25,000.

(4) Graded taxation of net incomes above the exemption \$1,500 plus \$250 for life insurance premiums, or such part of \$250 as the citizen spends for that purpose.

(5) Subtraction of depreciation and loss, and all rents paid for, or income attributable to, land or buildings or other improvements, from the profits of business or income from employment, in order to get the net income to which the income-tax applies. If a man does not pay rent, but occupies his own freehold or leasehold premises, he deducts 5 per cent on the capital value of his interest in the land and improvements, as the income attributable to the realty. [See exceptions to this in paragraph (7) below.]

(6) Taxation of real estate mortgages to the lender, and subtraction of them from the land-value of the borrower, in case of the ordinary land-tax, but not for the graded land-tax.

(7) Exemption of the land and mortgages of building societies from the land-tax; dividends from such investments, however, have to pay income-tax.

(8) Special taxes for absentees and for corporations. Absentees one year away must pay 20 per cent additional on their graded land-tax. Neither absentees nor companies have the \$1,500 exemption under the income-tax. And companies must pay one shilling in the pound on their whole net income or profit, while individuals pay only 6d in the pound on their net income up to \$5,000 above the exemption, and one shilling in the pound on incomes above the first taxable \$5,000. Dividends are not returnable for taxation by shareholders, as income-tax has already been paid on the same funds in the hands of the companies before the dividends were distributed.

(9) The Commissioner may remit all taxes where the income from land or mortgages plus income from other sources is less than \$1,000, and the owner is by age or infirmity unable to supplement this income, and the tax would be a hardship.

The exemption of improvements and of small people and the extra pressure on monopolists are the cardinal features of the system.

The new taxation changed the direction of the nation's vital energies, and redistributed the current of industrial force, as when an electric engineer shuts off some currents and opens others. Exempting improvements sent investment and labor into buildings, machinery, manufacturing and commerce. Exempting small men aids accumulation where it is most needed. Doubling and trebling rates on high incomes and large estates shuts off some unearned increment from the region of congested wealth, and, if the tax at the top is strong enough, it makes monopolies unprofitable and compels them to dissolve. Even the triple land-tax in New Zealand has proved sufficiently vigorous to persuade a considerable number of land owners to sell off their estates so that the land may be held in smaller areas.

Taxation in the hands of monopolists was an instrument for the congestion of wealth. In the hands of the people's representatives it has become an instrument for the diffusion of wealth.

Taxation must produce revenue. It is the Government's way of getting a living. But it should be so managed as to conform in the highest possible degree to the public good. Bad taxation may congest wealth, establish monopoly, and discourage industry. Good taxation will equalize wealth, break down monopoly, and encourage industry. If men of small means are exempt while monopoly taxes are accentuated in ascending geometric progression, one of the greatest purposes of government, the equalization of wealth and power, will be subserved in the process of obtaining a revenue. Whereas if big monopolies and corporations escape in large part as they do with us, and the small people have to pay most of the taxes, the due diffusion of wealth is thwarted in the process of securing the public funds. Taxation rightly handled is the great balance wheel that keeps the engine running smoothly, and secures the proper conservation and diffusion of its force. While wrong taxation is the weight on the safety valve that may bring the tension to the explosion point.

The fundamental principle of taxation is equality. But "*Equality of taxation means equality of sacrifice*." It means apportioning the contributions of each person towards the expenses of government, so that he shall feel neither more nor less inconvenience from his share of the payment than every other person experiences from his.<sup>1</sup> "Taxes are in effect sacrifices made for the public good; equality of sacrifices being the rule dictated by justice."<sup>2</sup> These are the words of Judge Dillon, a former Chief Justice of Iowa, ex-President of the American Bar Association, and one of the greatest lawyers of our time; and of Judge

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<sup>1</sup> Cooley on Taxation, p. 167, quoting and approving John Stuart Mill.

<sup>2</sup> John F. Dillon, Ch. J., 27, Iowa Reports, p. 48.

Cooley, another of our profoundest jurists and the highest authority on taxation we have produced. The principle of the quoted sentences requires a graded system of taxation, the percentage of the levy increasing with the wealth of the individual assessed. If A has \$300 income with which he can just support his family of five persons, and B has an income of three millions, of which he spends three hundred thousand, saving two million seven hundred thousand, what equality of sacrifice is there in taxing them both at the same per cent? To make the example clear and strong, suppose you take 33 per cent from each; A has \$200 left for five people to live on, and is, of course, terribly cramped, if not completely ruined, while B can still spend three hundred thousand as before, and save a clear \$1,700,000. If you take 80 per cent from each, A and his family starve to death, while B is as lively as ever, and can still spend \$300,000 a year, and lay by another \$300,000 for a rainy day. Equality of sacrifice clearly requires that a larger per cent be taken from B than from A.

Another principle of taxation is that it should be levied in such a way as to be most convenient to the people, occasion the smallest possible disturbance of industry, and cause the least expense in collection so that the whole amount collected may go into the public Treasury.

Both these principles lead directly to the New Zealand land-value and income taxes. The collection of large amounts from a small group of rich men is very economical. The exemption of production takes all pressure from industry. Land-values are created by nature and social development, and can be taxed without any repression of individual initiative and enterprise. It is very convenient to the great body of the people to have the larger owners pay the taxes, and there is no injustice in it, for the people and their patronage are part causes in creating the land-values and incomes that pay the big taxes. Even the great lawyer and the famous doctor owe their incomes to the existence of great cities and civilized communities. Just what part is fairly due to the social factors and the civilization factors that are the common inheritance of all from the past, and to the lives and labor of the many thousands who make up the community that creates the income, no one can tell, but it is probable that no reasonable amount of progressive taxation will exhaust the share of opulent incomes which fairly belongs to the people. By progressive taxes the people simply take a part of what they have themselves produced.

In his great book, "The Wonderful Century," the eminent scientist, Alfred Wallace, advocates a progressive income-tax of 10, 20, 30, and 40 per cent on the surplus over the same number of thousand pounds in the income, "rising to 100 per cent on the surplus above £50,000," and "a corresponding or even larger increase in the death dues."

Compared with this the New Zealand taxes are very mild, with their three stages; (1) exemption of improvements and of land-values up to \$2,500, and incomes up to \$1,500; (2) taxation of land values from \$2,500 to \$25,000 at less than half of 1 per cent, and of incomes from \$1,500 to \$5,000 at 2½ per cent; and (3) double taxation of large incomes and a treble tax for overgrown estates.

Switzerland's progressive taxes are already more emphatic than this as the largest incomes pay a rate 5 times the percentage on the moderate income.

England, France, Italy, Holland, Germany, etc., also have the income tax as an established part of their fiscal systems.<sup>3</sup>

The United States had a progressive tax from 1862 to 1872.<sup>4</sup> And another income tax act was passed in 1894, but was held unconstitutional by the Supreme Court on the second hearing by one vote.<sup>5</sup> The law was

<sup>3</sup> See Prof Seligman's History of the Income-tax.

<sup>4</sup> The act of July 1, 1862, put a 3 per cent tax on all incomes between \$600 and \$10,000, and 5 per cent on incomes over \$10,000. The act of June 30, 1864, increased the rate between \$600 and \$5,000 to 5 per cent, between \$5,000 and \$7,000 to 7½ per cent, and over \$10,000 to 10 per cent; and a later act increased the rate to 10 per cent on all over \$5,000.

<sup>5</sup> The Pollock Case, 158 U. S., 601.

On the first hearing the Court was evenly divided, but one judge changed his opinion and voted at the later hearing against the law. The decision was put on the ground that the law taxed rents and interest on bonds, etc., and that these were direct taxes within the meaning of the Constitution and must, therefore, be apportioned among the States in proportion to population. As this was not done, the law was held void. But there was and is no question as to the right of Congress to tax incomes from business, trade, profession or employment.

The right to tax rents and interest (not arising from State and municipal securities) is also undenied if the tax is apportioned among the States. And finally the general opinion of the bench and bar is that even the ground actually covered by the Pollock case is error, and that Congress really has power under the Constitution to tax all incomes, with the exception of the salaries of Federal judges and perhaps a few other unimportant items, so that if the President should judiciously exercise his power of increasing the number of judges in the Supreme Court, Congress could pass a general income-tax law, and make it progressive, too, if it wished, without danger of blockade.

The main reason for thinking the views of the small majority in the Pollock Case unsound, is that the whole history of the making of the Constitution and its interpretation by the men who made it, proves that the words "direct taxes" (as used in the constitutional clause requiring apportionment among the States in proportion to population) do not include income taxes. Chief Justice Chase, and Chancellor Kent and other eminent authorities show clearly that as the framers of the Constitution used the words "direct taxes" they include only two, the capitation-tax and the land-tax, and that no tax can be direct, within the meaning of the Constitution, that is not capable of apportionment among the States in proportion to population, with reasonable equality and justice. The decisions of the Supreme Court and the practice of the Government for more than a century, were based on this understanding. [See *Hylton vs. United States*, 3 Dall. 171, Federal tax on carriages held valid; *Pacific Ins. Co. vs. Soule*, 7 Wall. 433, tax on corporation income from specified sources valid; *Veazie Bank vs. Fenno*, 8 Wall. 533, tax of 10 per cent on notes of State banks paid by other banks held valid; *Scholey vs. Rew*, 23 Wall. 331, tax on succession of real estate valid; *National Bank vs. United States*, 101, U. S., 1, tax on notes of municipal corporations paid by a bank valid; *Springer vs. United States*, 102, U. S., 586 (1864), general income tax;—all these cases related to Federal taxes that would be "direct taxes" within the meaning in which those words are used by economists, yet they were all held valid, not being "direct" within the meaning in which history and context show that the words are used in the Constitution. See also Foster and Abbot, "Income Tax of 1894," and best of all, the dissenting opinions of Justices Brown, Jackson, White, and Harlan, in the Pollock Case (158 U. S., pp. 638, 686, 696, 706) which are far more strongly reasoned than the majority opinion.]

In the Hylton case in 1794 Congress had imposed a tax on carriages. Two members of the Supreme Court when that case was decided had been great leaders in the Convention that framed the Constitution in 1787.

very badly drawn and undoubtedly did exceed the constitutional powers of Congress, but the whole current of decision for a hundred years indicates that a well-drawn income-tax law would be sustained by the national courts. As to State legislation there is no question, many of the States having had, and some now having, income-tax laws.<sup>6</sup>

Five of the Australian states have the land and income tax, all but West Australia and Queensland, and the latter has a compulsory local land-value rating act, passed in 1890. In New Zealand, Victoria and South Australia the purpose is to break up the big freeholds and to make large land holders pay their fair share of taxation. In New South Wales, the object is revenue. The Victorian law was aimed at the monopolists of country land. All estates under 640 acres were exempted (which practically released the city landlords) and even rural estates were exempted unless worth \$125,000 or more. The tax is  $1\frac{1}{4}$  per cent on the capital value, but the rules of assessment fixed in the act give less than the real values, and in practise the assessed values represent about half the true values, so that the average tax paid is a little less than 8 cents an acre, varying from 19 cents on first class land to 5 cents on the lowest class. The higher degrees of the graded tax in New Zealand are much more severe, running up to 40 cents or more on the acre.

The South Australian land-tax is 1 cent in the £ on unimproved value. It is doubled on estates above \$25,000, and absentees pay 20 per cent extra. A land-tax was imposed in 1884 but was not graduated. That it is now mildly progressive is due to the campaign carried on in 1890 by Cockburn, then Prime Minister. He proposed a tax of 1 cent in the £ on the ground value of estates up to \$25,000, progressing by steps of half a cent in the £ till a maximum of 6 cents on estates worth over \$500,000 was reached. This would have made some of the large properties untenable, and the monopolists fought the project. Cockburn appealed to the country and with success, but his majority did not hold

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Chief Justice Chase and the whole Court held that a tax on carriages was not a direct tax within the Constitution, because it could not be apportioned among the States in proportion to population without absurd and unjust consequences. The Chief Justice said: "The Constitution evidently contemplated no taxes as direct but such as Congress could lay in proportion to the census. The rule of apportionment is only to be adopted in cases where it can reasonably apply. If it is proposed to tax any specific article by the rule of apportionment, and it would evidently create great inequality and injustice, it is unreasonable to say that the Constitution intended such tax should be laid by that rule. Suppose two States equal in census to pay \$80,000 each, by a tax on carriages, and in one State there are 1000 carriages, and in the other 10,000. The owners of carriages in one State would pay ten times the tax of owners in the other State. A in one State would pay \$8, while B in the other would pay for his carriage \$80."

The law of 1894 was a bungle, the exemption up to \$4,000 was unfair, some of the provisions were admitted all round to be unconstitutional, and one cannot blame the Court for thinking such a law ought not to go into effect, but as is not unfrequently the case, one of the important reasons stated by the Court for its decision will not hold water; and the view that the case does not close the door to a properly-drawn income-tax, even in the present make-up of the Court, especially since the recent vigorous accession, has much to sustain it.

<sup>6</sup> The first income tax was imposed by the Colony of Massachusetts in 1646 and it has been re-enacted from time to time in slightly varying form; the present law taxes "incomes from any profession, trade or employment."



together. His tax bill roused of course the fiercest opposition of the threatened interests, and before their anger and their tactics some supporters of the progressive tax deserted, and the Ministry and their proposal fell together. Some concession to public opinion had to be made, however, and the men who had defeated Cockburn paid homage to the feeling he had awakened by increasing somewhat the tax on large holdings and on absentees.

Every land-tax is hated and feared by the great landowners, and by the financial institutions whose interests are entwined with the landowners, not so much for its actual weight and effect as for the principle it stands for and the attacks it may foreshadow. So long as the land-tax is on the statute book, especial'y where it is graduated, the large owners see in it a screw which only requires a few more turns to become unbearable. Altho the squatters, properly so called, the cattle-men, sheep-men and wool-growers, who hold Crown lands on pastoral lease, pay no land-tax on such lands in any of the colonies, yet they may hold other lands which come within the tax, and, as a rule, desire to secure the freehold of their ranches, so that, through present or prospective interest, their weight also is thrown against the land-tax. And of course they are against the progressive income-tax along with the banks and all the rest of the big corporations and large interests, not probably from philanthropic motives, but because it is a fundamental principle of modern industrial life to get all you can and keep all you get. In New Zealand, however, the small farmers and the workingmen have discovered that, by voting together for their common interests, they can checkmate the big fellows, and select engineers who will run the machinery of taxation and legislation with reasonable regard to the rights of all the various classes in the community:

#### SINGLE-TAX.

There is an impression in some quarters that New Zealand belongs to the Single-tax school or that the Single-taxers have captured the Legislature. How far this is from the truth has appeared to some extent in the text, and may be further proved by summarizing the differences between the New Zealand system and the Single-tax, and by making some quotations from leading authorities on the point, including the Single-tax League of New Zealand.

Henry George proposed to take 90 per cent of the rental values due to land and abolish all other taxes. Under this plan

- (a) Small farmers would pay land-tax as well as large farmers.  
*In New Zealand small farmers pay no land-tax.*
- (b) The whole 110,000 land owners would pay the State land-tax.  
*In New Zealand only 16,000 of the 110,000 pay State land-tax.*
- (c) Nearly the whole rental value of the land would go in taxes.  
*In New Zealand even those who pay taxes pay only one-twentieth to one-quarter of the rental value even in places adopting the local rating on land-values.*
- (d) Large landowners and absentees would pay no higher rate than small owners and industrious farmers.  
*In New Zealand large owners pay a graded-tax, and absentees 20 per cent more on top of that.*

- (e) Business and professional men not owning land would be free from taxation no matter how large their incomes. They have to pay rent for the land they use now, and their payments would be no larger then. The rent would go to the Government instead of the private landlord, who would find his land practically confiscated to public use.  
*In New Zealand business and professional men, etc., with large incomes have to pay progressive income-tax.*
- (f) No duties would be paid on decedents' estates.  
*In New Zealand decedents' estates pay progressive tax as high as 10 per cent on large estates.*
- (g) No internal revenue taxes would be levied  
*New Zealand has internal revenue duties on beer, etc.*
- (h) No customs duties would be charged.  
*New Zealand gets a third of her revenue, and three-fourths of her tax receipts from customs.*

The purposes our great reformer, Henry George, had in view, were largely identical with those of New Zealand's Liberal legislators, namely, the liberation of labor, encouragement of improvements, diffusion of the unearned increment, and practical nationalization of the soil, but his methods were very different from those of the new democracy. New Zealand seeks to free from every burden the fundamental wealth that every one ought to possess, and place the burdens on over-wealth, whether it be land wealth or business wealth.

Some leading New Zealanders declare that Henry George had little influence there. "He frightened us by the confiscatory features of his plan," they say. And Minister Ballance wrote in 1887: "Henry George would not pay from the public exchequer for the economic errors of the past, but would make the individuals who accepted the guarantee of the State victims of the national wrong doing. To state the doctrine is to condemn it."

Henry De R. Walker says: "Many fear that the taxes on unimproved values in New Zealand, New South Wales, and South Australia, are first steps in the national absorption of land-values advocated by Henry George, but the exemptions and the graduation are fundamentally different from George's proposals. . . . It is absurd to suppose that the electors, a large proportion of whom are freeholders, will be captivated by the advocates of the single-tax."

Sir Robert Stout, one of the earliest advocates of the land-tax, said in 1895: "The single-tax is absurd."

Wm. Pember Reeves says: "It is absurd to speak of any of the colonies as fields where the single-tax school is dominant or even powerful. . . . Avowed Single-taxers in 1891 were very few in number, as they still are, but the doctrines of the land-nationalizers and Single-taxers were accepted to the extent of distinguishing between real estate and personal property as subjects for taxation, and a line was also drawn between ground values and improvements. But the law exempts the small farmers entirely, running counter in that to the cardinal principle of the Single-taxers."

In spite of all this, however, and of the fact that Grey, Ballance, and

Stout had advocated the land-tax away back in 1876-7, and even secured a land-value tax law in 1878, before Henry George's ideas had made any stir even in his own city and State, it is nevertheless true that George's teachings have had a profound influence upon public opinion in New Zealand and throughout Australia. After the publication of "Progress and Poverty," in 1879, George's writings were much read and appreciated in the Colonies. He showed the people the evils of private land monopoly with a force and clearness unknown to them before. His great services are fully recognized, clearly distinguishing his truth from his error, and Premier Ballance has referred to him as "the greatest authority on the land question, who has revolutionized public opinion." No body of men has done more to stir public thought than the Single-taxers, and when a body of men of equal earnestness and devotion, with greater breadth and milder temperament, are satisfied to take one step at a time against land monopoly, and not against land monopoly alone, but against all private monopoly of a character that is dangerous or contrary to public policy, and take the step in a way that accords with the principles of justice, then they will carry legislatures with them as the progressive thinkers of New Zealand have done.

The following extracts from the manifesto of the New Zealand Single-Tax League, 1901, indicate how very far the Single-taxers themselves are from regarding New Zealand as a Single-tax country, or a country whose land and fiscal legislation is satisfactory to orthodox Single-taxers:

"We admit that much good has been done. \* \* \* We admit that in this country commendable efforts have been made, and are being made, by the authorities to avert the social ills of older countries by legislation, but we are of opinion that the so-called land policy now obtaining in New Zealand, instead of being a remedy, perpetuates everything vicious in the old system. \* \* \*

"Not only is the past unearned increment being placed beyond the reach of the people forever, unless taxation is resorted to, but the future unearned increment of resumed estates is again being alienated. Ethically, a lease of this description (lease in perpetuity) is inexplicable, and we dispute the right of the people of any time to will away the land from future generations. \* \* \*

"This League holds that all unearned increment should be secured to the community, to whose presence and industry that value is due. It is proposed to assess it by means of a tax on unimproved land-value, such tax to be gradually increased, at the same time remitting other taxes which fall at present on labor and capital, beginning with the remission of taxes on the necessities of life, until all taxes are levied on improved land-values only—hence the name Single-tax.

"The present annual unimproved value of land in New Zealand is about £4,000,000 (a very low estimate), so that the yield would be beyond our requirements.

"The justness of such a tax is not only admitted in theory, but is recognized in our legislation, and indorsed by the people who have voluntarily adopted this method of local taxation in almost every district where it has been proposed. We have also for State revenue purposes a tax on the unimproved value of land, and altho it is not so perfect in its form as that in use by local bodies, it has, nevertheless, met with general approval, and it is believed that its adoption ten

years ago was the principal cause of the comparative prosperity which has continued since that time."

## II.

## INDUSTRIAL COURTS.

There are now five compulsory arbitration acts at work in Australasia; three of them full-fledged systems and two minimum-wage board laws. Thoroughgoing compulsory arbitration was instituted in New Zealand, 1894; West Australia, 1900, and New South Wales, 1901; and minimum wage boards were established in Victoria, 1896, and South Australia, 1900.

The course of events in New South Wales is particularly interesting, and we will condense an account of it from Mr. Reeves' very full description in *State Experiments in Australia*. By 1900 organized labor, which had been broken by the great strikes of 1890-1895, began to manifest renewed vigor. Thirty-four societies joined in the procession on Eight-hours' Day in October, 1901; three years before the number had been but twenty-five. Even the tailoresses were organized, and after a series of strikes, obtained better conditions. There were also strikes of ironworkers, builders, wharf laborers, and other workers, and on the whole the settlements were favorable to the men. But the trade-union leaders were not deluded by this into believing that strikes were the best means of bettering the standard of living. They had not forgotten the hard lessons of the past; they had been watching New Zealand, and they had made up their minds to transplant industrial arbitration to their own soil.

The alliance in Parliament between the Labor Party and the Government, aided the movement. The labor members did not draft the bill, however, nor pilot its passage. They were satisfied to see the enterprise undertaken by Mr. Bernard Wise, the brilliant lawyer, who had helped to frame the Constitution of the Commonwealth, and was then Attorney-General of New South Wales.

Mr. Wise concluded in 1900 to follow New Zealand's example on arbitration lines with some modifications adapted to the more centralized character of his colony. The bill passed the House in 1901, but was rejected by the Senate. It then went through the test of a general election with a result so clear that the Senate gave way, and the bill became law December 10th the same year.

Its difference from the New Zealand Act begins with the title, in which the word "conciliation" is not found. After much debate the Parliament of New South Wales resolved to strike out any suggestion of a conciliation board, resolving that their Arbitration Court should not merely be a final tribunal, but should do the whole work of the law. . . . As in New Zealand, the employers may be organized or not; the laborers must be. The labor societies may either be registered under the Act or be ordinary trade unions. By registering, however, the trade-union becomes an industrial union, able to vote in the election of the labor judge of the Court. No trade-union can remain outside the Act by neglecting to register under it. The Court

may cite any trade-union before it and may include it in any award. Not only are strikes and lockouts prohibited during the reference of any dispute to arbitration, but persons who strike or lockout after a dispute has arisen, before giving reasonable time for application to be made to the Court, are guilty of a misdemeanor. The punishment for this is a fine up to £1000, or imprisonment for not more than two months. In New Zealand the penalty is a fine merely, and that must not exceed £50. In New South Wales henceforth, any employer who dismisses a worker for belonging to a union, or because he or she is entitled to the benefit of any award of the Court, is liable to be fined £20. No proceedings under this section (35) of the Act are to be begun without leave of the Court; but when they are begun, the burden of proof is to lie on the employer to satisfy the Court that the dismissal was owing to some other than the alleged reason.

In its procedure the Court is to be as unfettered as that of New Zealand, and, like that, may not be appealed from. Evidence as to trade secrets and profits must be taken in secret session, if the parties affected thereby so desire. Generally the Court has power to hear any matter in private, and, as in New Zealand, may receive evidence whether technically legal or not. It is specifically granted the power to fix a minimum wage, and may order any employer to give preference to unionists over non-unionists, "other things being equal," when men from both classes offer their labor at the same time.

The most interesting feature of the Act is what is called the "common rule." This is an effort to improve upon the original New Zealand method in respect to the regulative scope of the awards, so that, instead of merely binding specific employers, *the Court may make rules virtually dealing with whole industries*. The New Zealand plan has been to proceed through district after district, citing all the employers in the industry under review in each. The employers to be bound by the award had to be specifically named in it. Any one subsequently entering the trade had to be cited into Court to get the award extended to him, unless he was prepared to comply with it voluntarily. In 1900 the Court was authorized to make *Colonial awards*, subject to protest and hearing in any district disapproving; and the scope of awards was extended so as to bind, without further proceedings, any one who during their currency should enter any industry regulated by them. Power was also given the Court to extend an award so as to include any employer or union not a party thereto, but engaged in the same industry as that to which the award applied. A moment's reflection will show that, under these successive extensions of its power, the Court was enabled to lay down rules affecting a whole industry. In effect this had been done before, tho the Court had taken province after province in the gradual fashion suggested by the clearly-defined subdivisions of the Colony. Moreover, in New Zealand there has been a strong prejudice against regulating the businesses of employers who have not been at least invited to attend the hearing of the case affecting them.

In New South Wales, however, the Court is to have power to treat

any award as a test case, and to apply the award therein to the whole industry throughout the Colony. It may, so to speak, give an award *in rem*, instead of *in personam*. It may declare that any custom, regulation, agreement, condition, or dealing whatsoever in relation to any industrial matter shall be a *common rule* of the industry. It may also limit the area within which the rule shall be operative, and may allow exceptions to it. As in practise it will probably both limit areas and allow a good many exceptions, the net result is likely to be very similar to that secured under the New Zealand plan; practically identical, in fact, with New Zealand results under the law of 1900.

Next to the absence of conciliation boards, the greatest contrast with the New Zealand system is that *the State is given a right to initiate proceedings*, so that a dispute may be brought into Court tho neither workers nor employers appeal to it. Clause 26 says the Court may determine "any industrial matter referred to it by an industrial union or by the Registrar." Mr. Wise has said frankly that he does not see why the Arbitration Court should not, through its Registrar, intervene in a dispute, tho none of the disputing parties thereto care to invoke it. He thinks combatants who are bringing an industry to a dead stop should be regarded as brawlers in a street, who check traffic with their quarreling; they should be made to move on.

The members of the Industrial Arbitration Court, Mr. Justice Cohen (President), Mr. Cruickshank (Employers' Representative), and Mr. S. Smith (Workers' Representative) were sworn in before the full Court in Sydney on the 29th of April, 1902.

No sooner did the Court open its doors than there was a rush of applicants to set down cases, and the first protest from its President was against a haste which seemed likely to lead to a block of business.

The Victorian Minimum-Wage Boards were instituted to stop sweating. Each board takes care of a special trade, fixing minimum-wages maximum-hours, rules as to apprentices, etc. The original provisions were in the Shops and Factories Act of 1896, by which boards were established in the baking, clothing, shirtmaking, bootmaking, underclothing, and furniture trades. An amending Act, 1899, authorized the Governor in Council, on resolution of either House, to appoint a special board for any specified industry, and 32 new trade boards have been added to the original 6, and more still are asked for. The provisions of the law are thus summarized in the report of the Victorian Factories Department for 1901:

Special boards may be appointed to fix wages and piecework rates for persons employed either inside or outside factories in making clothing or wearing apparel or furniture, or in bread-making or baking, or in the business of a butcher or seller of meat.

Special boards may be appointed for any process, trade, or business usually or frequently carried on in a factory or workroom, provided a resolution has been passed by either House declaring it is expedient to appoint such a board.

Special boards may consist of not less than four or more than ten members and a chairman, and hold office for two years. Half the members (elected as prescribed) shall be representatives of employers and half of employees. If the employers' or employees' representatives

are not elected, the Governor in Council may appoint representatives. He also fills all vacancies. The members of a board may elect a chairman (not being one of such members); if they do not elect a chairman, the Governor in Council may appoint one.

In the case of the furniture trade, the board is appointed by the Governor in Council without election. (This was provided to prevent the Chinese in the trade electing the board.)

Regulations fixing the rates of payment to members of special boards provide £1 for a full day for the chairman, and 10s. for other members and half rates for half days. A traveling allowance of 10s. per day is paid to members residing more than 40 miles from Melbourne. Railway fares are also repaid.

A board may fix either wage-rates or piecework-rates, or both; must also fix the hours for which the rate of wage is fixed, and the rate of pay for overtime; and in fixing wages may take into consideration the nature, kind, and class of the work, and the mode and manner in which the work is to be done, the age and the sex of the workers, and any matter which may be prescribed by regulation.

A board may fix the proportion of apprentices or improvers to be employed in any process, trade, or business, and the wages to be paid to them; and in fixing such wages may consider age, sex, and experience.

A board may determine that manufacturers may be allowed to fix piecework rates based on the minimum wage. That is to say, the board after fixing time wages itself, may leave it to the employers to pay a fair equivalent to their pieceworkers. The Chief Inspector may, however, challenge any rate so paid, and the employer may have to justify it before the board.

The determination of a board applies to every city or town, and may be extended by the Governor in Council to any borough or shire or part of a shire.

The Chief Inspector may grant a license to any aged or infirm worker to work at less than the minimum-wage fixed by a board.

The Governor in Council may suspend a determination for six months, and the board must then receive and examine evidence as to such determination, and may amend it.

The validity of a determination can only be questioned before the Supreme Court.

Employees must not be paid any part of a wage (fixed by a special board) in goods.

An employee may sue for his wages (if fixed by a special board), any agreement to the contrary notwithstanding.

Both initiative and enforcement rest with the Minister of Labor, his factory officials, and the boards, and there is no court of appeal, except on the question of validity. The only other appeal from the boards is to the Government. In case of a faulty "determination" the aggrieved parties try to get the Government to suspend it, and to oblige the board which drew it up to reconsider and amend it. In New Zealand the Government has virtually nothing to do with the awards of the tribunals.

The boards have for the most part rendered good service. The Baking Board, for example, by raising the pay of men to 1 shilling an hour, and fixing apprentices minimum at 5 shillings a week, gave an immediate increase of over 30 per cent to the adults in the trade. The average gain for every worker was \$2.50 a week, on a former average of \$8 a week; for the men the advance was more than \$2.50, for the boys less. As the law also limited the working hours to 48 a week,

the fortunate bakers got much more pay for much less work. Yet very little friction seems to have been caused by the change, which in practise was neither ruinous to employers nor inconvenient to the public. The effect of stopping competition in cutting wages and lengthening hours on the sweatshop plan, is to concentrate competition upon efficiency. Employers compelled to pay a standard wage take care to make labor as productive as possible.

The minimum wage, the Chief Inspector of Factories says (May, 1902), does not become the maximum. In the clothing trade in 1901, for instance, the minimum adult wage for males was 45 shillings a week, and the average paid was 53 shillings 6 pence; for females the minimum was 20 shillings, the average 22 shillings 3 pence. He also gave similar differences in the boot, furniture, and shirtmaking trades.

The Victorian trade-unions seem to wish to substitute industrial arbitration for their own system. June 27, 1902, a representative deputation of them, fifty strong, waited on Mr. Deakin, Acting Federal Premier, to ask that the Federal Ministry should pass an industrial arbitration law for the whole Commonwealth. Mr. Spence, M. H. R., representing the Australian Workers' Union, declared that the example of New Zealand had been sufficient to convince New South Wales and Western Australia that compulsory arbitration laws were desirable. Even if all the States had courts of that kind, there would still be need for a Federal Court. Many miners were found all over the Commonwealth. So far as shearers and seamen were concerned, one court could settle disputes for the whole of Australia. Mr. Deakin said that under the Constitution a Federal law could only deal with labor disputes extending into two or more States. Such a law he and his colleagues were about to propose. They could not deal with purely local disputes unless the State Governments would delegate authority to them. The deputation, therefore, went to Mr. Irvine, the Premier of the State of Victoria, and besought him to have an arbitration law enacted. Mr. Irvine asked them plainly whether they desired that industrial arbitration should supersede the minimum wage system in force under the Shops and Factories Act, and they explained that they did. They appreciate the value of the Wage Boards, but believe the New Zealand arbitration system to be still better.

Contrasting the Minimum Wage Law of Victoria with the New Zealand Arbitration Act Mr. Reeves says:

"Starting quite apart and approaching their undertaking on different lines, they are in many respects doing the same work. The primary aim of the Victorians was to regulate certain sweated trades; that of the New Zealanders, to put an end to pitched battles between masters and unions. But, inasmuch as two-thirds of the conflicts of labor and capital turn on the rates of wages, the Victorian system, where it is applied, does in practise make strikes and lockouts much less likely to happen; while that of New Zealand has regulated, sometimes minutely, most of the Colony's industries. Both laws have been expanded by their Parliaments, and have become less unlike than they were when first passed. At the outset, the Victorian Act affected but six trades, and those only in urban districts; it may now by permission of either House of Parliament be extended to other industries, and this is rap-



idly being done. Still, its scope is not yet as wide as that of the New Zealand law, and its regulating power is confined to wages and piece-work prices, hours of work, and the employment of apprentices and improvers. Until all the many causes of labor warfare are brought under the purview of the Victorian boards, their functions must remain narrower than those of the New Zealand tribunals, and the risk of labor battles greater than under our system. Moreover, under their system of separate trade boards, each industry is dealt with as tho it had no relation to any other. The New Zealand tribunals, the Court especially, have to handle many trades, and learn to consider their relations one with another.

In October, 1901, a single strike in Melbourne caused more workmen to go out than the total number concerned in all the little battles of unorganized labor in the last six years in New Zealand. Strikes and lockouts are not illegal in Victoria, and while the employer may not pay his hands *less* than the minimum wage, there is nothing to prevent the workmen striking for more. In New Zealand the trade unionist may ask for more than the rate awarded by an arbitration tribunal; he may not strike for it, but must wait till the award expires.

The New Zealand laws allow special trade boards to be set up, but no attempt has been made to use this part of it. The decisions, even of the Arbitration Court, under the New Zealand law, for the first five years after it was enacted, could only have force in the districts in which they were given. Only after five years did the legislature venture to give the Court of Arbitration power to make an award apply to a trade everywhere throughout the Colony, and even then the permission was hedged about with safeguards. It was, however, given; and now, also, awards must be obeyed by non-union as well as union work-people in the trades they apply to. In practise the New Zealand tribunals now regulate trades and not firms of trades merely. In these respects, as in the emphasis their statute now lays on the Arbitration Court's authority to fix a minimum wage, and in the greater power they now give their conciliation boards, the New Zealanders have so worked and amended their system as to cover the same ground as the wages boards and a great deal more. The Victorian law takes no special account of labor unions; that of New Zealand did not until lately concern itself with any other class of labor."

South Australia buried her dead arbitration law and adopted the Victorian Wages Board system in December, 1900. And West Australia, finding her arbitration act of 1900 imperfect, replaced it, February, 1902, with an act more closely following the New Zealand model, including the conciliation boards, which New South Wales left out.

Compulsory arbitration bids fair to gain control of the whole industrial system of the Commonwealth, and in one respect Australia has gone beyond New Zealand, for it has not only given the option of requiring arbitration to labor and to capital, but has conferred the same important right on the third party in interest, the great public, which often loses by industrial strife more than both the combatants, put together.

### III.

#### STATE ANNUITIES

##### For Industrial Veterans and Disabled Workers.

In the United States, Dr. Edward Everett Hale is advocating old-age pensions of "\$100 a year, payable to every citizen, male or female,

who has passed the age of seventy." He says the \$2 poll-tax on every male citizen long levied in Massachusetts, is far more than sufficient to provide the needful funds.

In England, Mr. Chamberlain, Charles Booth and many other notable men, favor old-age pensions, and the coöperators, and the trade unions are working for a universal pension of \$1 25 a week, payable at the age of 60 years. The following resolutions have been passed by the representatives of Great Britain's two million coöperators in Congress assembled:

(1901) "That this Congress strengthened by the overwhelming opinion, as expressed by cooperative conferences held during the year, hereby declares the urgent necessity of Parliament providing an old-age pension for every citizen, male or female."

(1902) "That this Congress heartily indorses the resolutions passed by the Joint Conference of Coöperators and Trade Unionists in London, January, 1902, on 'Old-Age Pensions;' and strongly urges upon the Government the necessity of establishing a National System of Old-Age Pensions, which shall be universal in its application to all citizens, men and women, on attaining the age of 60 years, the pension to be at the rate of at least 5s. a week, and that the entire cost of such a scheme be contributed by the State, and met by means of Imperial taxation."

The resolutions of the National Conference of Trade Unions and Coöperators were practically identical with this

#### NEW SOUTH WALES.

After watching the New Zealand experiment a couple of years, New South Wales passed an Old-Age Pension Law in December, 1900, which went into operation July 1, 1901. It is like the New Zealand law in regard to age (65 years),<sup>1</sup> residence, good conduct, Chinamen, and Asiatics. It also aims at the same ideal of \$5 a week, or \$260 a year. In both colonies it seems that \$5 a week is regarded as the highest sum to which the State should raise a pensioner's income by supplementing his earnings or receipts. But the law of New South Wales differs from that of New Zealand in several important respects: (1) The full pension is \$130, or \$40 more than in New Zealand, while the deductions begin when the private income amounts to \$135, instead of the \$175, at which deductions begin in New Zealand. The standard pension of \$130 is diminished by \$5 for each pound of income the pensioner already has above \$130, and (where he has any income) by \$5 for each \$75 of net capital. The pension, therefore, vanishes at \$260 of private income the same as in New Zealand, but the minimum revenue is \$130 instead of \$90. The State guarantees half the ideal, instead of a third, as in New Zealand. (2) The property limit, where there is no income, is \$1950 plus the \$250 exemption, or \$2200, against \$1600 in New Zealand. (3) Married people are treated very shabbily. If they live apart and have no other income, they may draw \$130 each, or \$260 total, but if they live together they can have only \$97 each, or \$194 in all, whereas in New Zealand they would have the same

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<sup>1</sup> See, however, (4) in the text further on.

pensions in both cases (the discrimination against domestic bliss being made there only when there is income from other sources, which, with the full pensions, would amount to more than \$390). (4) There is an excellent provision authorizing the pension officers to consider the cases of poor people from 60 to 65 years of age, who have been disabled from earning a living by sickness or accident. (5) The examination of applicants is not public but private, before 3 officials, with appeal to a district judge. Secret hearings are seriously objected to by some of the ablest New Zealand statesmen, while Sir Wm. Lyne, the Premier of New South Wales, objected to any public inquiry. Some outcry has been raised in New Zealand against the publicity of open hearings, on the ground that some would be deterred from making just claims, because of a natural shrinking from the exposure of their poverty. The number of applications, however, would indicate that few are affected that way. The judges are kind and considerate, and the open hearings are certainly of great value in the prevention of imposture, and in the awakening of the sympathies of the public. (6) No licensed victualler is to supply liquor to an old-age pensioner. (This was denounced in the House as a silly insult to pensioners.) (7) No instalment of a pension is to be paid to any one absent from the Colony, or in jail or in a lunatic asylum. (8) Reciprocity is provided for. That is, an Australian from another Colony, having an old-age pension law with a similar clause, or a pension agreement with New South Wales, need only reside 10 years in the latter to become qualified for a pension if he has 15 years' residence in the other colony or colonies within the reciprocity circle. Other British subjects must reside in the Colony 25 years without absences exceeding 2 years in the 25.

The discussion in New South Wales when the pension bill was up gives interesting proof of the favorable effect produced on Australian public opinion by the success of the New Zealand measure. In the debate in Parliament (New South Wales) November 14, 1900, Mr. Carruthers said: "This measure has received the universal approval of the House and every speaker who has addressed the Chamber has congratulated the Premier on the introduction of the Bill." The discussions in both Houses in Sydney were in marked contrast to the heated battles in Wellington in 1896, '97, '98. There was no obstruction, no predicting of intolerable public burdens and a demoralized working class, no advocacy of contributory schemes. There were some personalities, but practically no direct opposition. Universal pensions found few friends. The amendment most desired was a reduction of the qualifying age from 65 to 60.

The amount paid in pensions during the year ending with June, 1902, was \$2,180,000 in a population of 1,400,000. The cost of administration was \$47,700, and \$34,640 was paid as commission to the Bank of New South Wales through which the payments are made.

#### VICTORIA.

Early in 1899 Premier Turner of Victoria, sent trusted emissaries

to New Zealand to investigate the new institutions of that Colony. These agents of research, Mr. Best, Minister of Lands, and Mr. Trenwith, an able trade-union leader, made a very favorable report, especially praising the land system, the arbitration law and the old-age pensions. Premier Turner thereupon introduced a pension bill like that of New Zealand, but his Government fell in November. In the elections of 1900 public opinion was clearly expressed in favor of old-age pensions, and Turner coming back to power at once pushed the measure to the front.

The first act (December 27, 1900) was a temporary one to last 6 months, from January 1, to July 1, 1901, while a permanent law was being framed. Any Victorian 20 years in the Colony, 65 years old, and poor, could apply for a pension, and get 1 shilling a day for 4 weeks, while a police magistrate investigated his good faith and actual condition. Habitual drunkards and convicted criminals were to be rejected. If satisfied of the claimant's poverty and decency, the magistrate might grant him such allowance, not exceeding 1 shilling a day, as might seem needful to supplement any sum the applicant owned or earned. Persons less than 65 might also claim pensions if their health had been ruined by working in mines or at some unhealthy trade.

The act was good in its flexibility and width, but hastily drawn and insufficiently safeguarded, so that divesting of property to claim annuities, and other forms of imposture, were fostered. The public condemned the blunders of the temporary act (which appears to have been rushed through in order to get ahead of New South Wales), but did not go back on the principle of old-age pensions.

December 11, 1901, a permanent pensions act was passed which is remarkable for its precautions, its effort to confine the annuities to the enfeebled and utterly necessitous, and its flexibility and breadth. A person 65 years old who "is unable to maintain himself," or one "of any age" who is "*permanently disabled*, or who is in *permanent ill-health*, caused in either case by having been engaged in mining or any unhealthy or hazardous occupation," is entitled to a pension if the case comes within the other conditions, one of which is that the "husband, wife, father, mother or children of the claimant, or any or all of them are unable to provide for or maintain the claimant." This is a closer approach than New Zealand has made to the principle of making the need for the annuity the test of its allowance.

A citizen (not an Asiatic) who has resided 20 years in the Colony, with absences not exceeding 5 years in the 20, who is not possessed of \$1175 of property above charges and incumbrances, nor of an average income of 8 shillings a week, is entitled to a pension under the circumstances above stated, i. e., permanent disability caused by mining or other unhealthy or dangerous occupation, or 65 years and unable to maintain himself.

The pension is to be of *such amount as the Commissioner deems reasonable* under all the circumstances, but is *not to exceed 8s. (\$2) a week*, and is not to be at such a rate as to make the income of the claimant from all sources over 8s. a week (\$100 a year), with the

proviso, however, that wages up to 2s. a week shall not be included in the estimate on which the limitation of pension is based. So that the total income of a pensioner may reach \$125. The pension is to be diminished by 6d. (12 cents) for each £10 (\$50) of net capital which does not return income. The pension vanishes, therefore, at \$800 of *net* capital. The net capital is found by taking the real and personal property of the applicant, excluding £25 (\$125) worth of furniture and personal effects, and subtracting all charges and incumbrances and £50 (\$250) general exemption. The keeping of the income all together, whether it is income from property or from some other source, and limiting the property deduction from the pension to property that yields no return, seem marked improvements on the New Zealand law; and the better adjustment of the grant to the need is undoubtedly a great advance; but the \$125 income aimed at by law is much less liberal than the \$260 aim of the New Zealand and New South Wales enactments.

In practise the Victorian pension is the sum *necessary* to bring the applicant's income up to \$2 a week, including all his private income from property and other sources, except an exemption of 50 cents a week allowed on earnings by personal exertion. We emphasize the word "necessary" because if the Pension Commissioner who hears the claim believes the applicant able to earn \$2 a week, or part of it, or is satisfied that near relatives (above mentioned) can fairly be expected to maintain him, the Commissioner may refuse to grant the claim, or allow such amount below \$2 a week as he may deem proper in view of the applicant's condition and ability.

The requirements as to good character are similar to those in New Zealand, but the claim must "expressly affirm all the qualifications and requirements, and negative all the disqualifications under this act," and wilful false statement in the declaration is perjury. Applicants must satisfy the Commissioner that they have made reasonable efforts to maintain themselves or have reared a family in decency and comfort, that their average income during the 6 months before application was less than \$2 a week, that they are unable to maintain themselves, and that all the conditions as to age, residence, character, property, relatives, etc., are fulfilled, and that they have not directly or indirectly deprived themselves of property or income in order to qualify.

The hearings are public as in New Zealand, but the Commissioner in examining relatives as to their means may hear them in private if he thinks best. Each relative of the nearness above stated may be called on to declare in writing his or her means and ability. If they hesitate to do this, or if the Pension officials believe them able to contribute, they may be summoned before a Commissioner and ordered to pay a contribution.

As in the other colonies conjugal bliss or home economy is considered an equivalent for a certain amount of financial resources. The legal limit of clear property for a pensioner is \$800 above \$125 personal effects and \$250 general exemption, or \$1175 in all, but a husband and wife living together can only claim one exemption, as tho they

were really but one person as the common law used to imagine they were.

Before the claimant receives his pension certificate he must execute a deed, undertaking on demand to transfer to the Government all his real property. The deed authorizes the treasurer to sell the property, and deduct from the proceeds all sums paid to the owner by way of pension, any balance being paid back to the pensioner or his representatives.

There is a reciprocity clause similar to that of New South Wales.

In all the pension colonies the purpose is to give the State's aid to those and only to those who need it most, and to separate the deserving poor from the undeserving. In some important respects the Victorian law is more perfectly adapted to this purpose than either of the others.

#### DENMARK.

Under the Danish law of April 9, 1891, a pension is granted to any applicant 60 years of age or over, who is unable to provide the necessities of life and proper treatment in case of sickness, for himself and his dependents. There is no statutory limit as in New Zealand. The relief is not fixed in amount, but must be sufficient for the support of the person relieved and for his family, and for treatment in case of sickness. It may be given in money, or in any kind of relief as circumstances require, or it may consist in admission to a suitable institution. The recipient of relief under this law must not be in poverty due to his own fault; he must, for 10 years, have had a fixed residence; not been sentenced for vagrancy or begging; nor have received poor-relief. No one who has ever undergone sentence for any dishonorable transaction, or whose poverty is caused by his having been a spendthrift, or who has received poor-relief, can have a pension. The latter provision seems hard.

The principle of flexibility and discretion, which enters into the Danish law, adapting the relief to the circumstances of the case, has not led to any very extravagant grants, the highest that has been given to any one being \$85 a year, which is a little below the full pension in New Zealand, and \$44 less than the full pension in New South Wales.

It is proposed in Denmark that a person should receive considerably more between 70 and 80 than between 60 and 70, and still more between 80 and 90, because at 60 he may be able to earn a little, and perhaps even at 70 or later. It does not seem possible, however, to lay down any definite rule. It is recorded that Thomas Parr did a good day's work till he was 130, and could have worked longer. He married when he was 120 and the lady lived with him 12 years, and said he never manifested any of the infirmities of age. He died at the age of 152, not because there was anything the matter with him, but because the King invited him to London. He was not used to court dainties, ate too much, and died of plethora. Dr. Harvey (who discovered the circulation of the blood) dissected him, and found his organs in perfect condition, with no sign of ossification even in his cartilages. (See *Ency. Brit. Art. "Longevity,"* and Hufeland's *"Art*

of Longevity," where you will find many other cases of vigorous long life with new hair and teeth after the hundredth year, etc.) The science of continuosity has not been studied very much as yet.

In view of the fact that one person at 40 may be in far more need of a pension than another at 60 or 90, who is no more deserving in any way, and that Denmark has recognized the principle of adaptation and discretion, it is surprising that she did not provide for pensions to specially needy and deserving persons below the statutory age on the principle partially applied in Victoria and New South Wales. The English Trade Union Congress a couple of years ago adopted a resolution favoring State pensions at 60, *or at the date of incapacity*. Perhaps the italicized clause would be enough without the 60 year provision with proper clauses as to residence, etc. Deserving need seems the only true test under present conditions. If a deserving person needs a pension at 45 he should have it. If he doesn't need it at 80 he should not have it. This is certainly the just rule and the only one that can completely fulfil the purpose of the law, which is not to pay a premium to people for attaining a given age, but to relieve the need of those who can no longer earn a living, and have done nothing to forfeit the consideration due to a fellow-being.

The pensioner in Denmark (as in New Zealand) retains his electoral rights, whereas the recipient of poor-relief is deprived of his vote.

The pensioners numbered 30,957 in 1893, 37,975 at the beginning of 1897, and 40,760 at the opening of 1899—27,630 single persons, and 13,130 heads of families, with 15,897 dependents, making a total of 56,657 persons aided under the pension law. About one-fifth of the population over 65 are pensioners.

Half the funds are paid by the State and half by the municipalities. The State raises its half by a tax on beer. The total cost was \$800,000 in 1893, \$1,081,585 in 1896, \$1,163,735 in 1897, and \$1,264,260 for 1898.

#### OUTLINES OF VARIOUS PLANS.

The following broad analysis of a dozen plans for providing support in old age may be useful for purposes of condensation and comparison:

##### (1) New Zealand:

1. Pension age, 65 years.
2. Amount of full pension. 7s. per week.
3. Must be a British subject, and not a criminal, imbecile, or an Asiatic.
4. Must have lived in New Zealand 25 years.
5. Must be of good character, and have lived for 5 years a sober and reputable life.
6. Must not have deserted his or her family, or have suffered penal servitude, or within 12 years of application for pension have been convicted of serious offense.
7. Must show that he or she is not in possession of more than £1 a week, or £270 net property (\$1350 above debts and the \$250 absolute exemption, or \$1600 total clear property.)
8. The act does not apply to aliens, Chinese, or other Asiatics, or naturalized subjects, except those who have been naturalized for a year preceding their pension claim.

(2) New South Wales:

1. Pension age, 65 years.
2. Amount of pensions: for married persons, 7s. 6d. per week for each person; for persons unmarried, or widowed, 10s. per week.
3. Must not have more than £52 a year, or £440 of property.
4. Must have resided in an Australian colony, in which provision is made for old-age pensions, for not less than 25 years.
5. Must not during that time have suffered penal servitude, or have been imprisoned for five years, with or without hard labor.
6. Must not during the twelve years preceding the pension claim have been imprisoned for four months, or on four occasions.
7. Must not be a criminal, lunatic, or a confirmed drunkard; must not have deserted his or her family.
8. The Act does not apply to aboriginal natives, aliens, Chinese, or other Asiatics, or to naturalized subjects, except those who have been naturalized for ten years immediately preceding the pension claim.

(3) Victoria:

1. Pension age, 65, or any age upon permanent disability.
2. Amount of full pension, such as Commissioner deems reasonable, not exceeding 8s. a week.
3. Must be without means of support, unable to maintain himself, and without near relatives able to provide for him.
4. Must not have \$1175 clear property, nor \$100 net income.
5. Must have resided 20 years in the Colony or a reciprocity State.
6. Character requirements, etc., similar to those of New Zealand.

(4) Select Committee of House of Commons (England, 1899), Mr. Chaplin, chairman:

1. Pension to begin at 65 years of age.
2. Pension, 7s. maximum, 5s. minimum.
3. Only paid to British subject.
4. Not received Poor Law relief for 20 years.
5. Not been in prison for 25 years.
6. Part of pension from local authority.
7. Part from State.

(Committee not allowed to discuss how to raise the money.)

(5) Suggestions of the Joint Committee of Coöperators and Trade Unionists (Great Britain):

1. That the scheme be non-contributory.
2. Universal in its application.
3. Who shall pay? (The public.)
4. Pension age, 60 years.
5. Amount of pension, 5s. per week.

(6) Joint Friendly Societies Scheme (England, December, 1901):

1. Pension of 5s. per week.
2. Must be 65 years of age.
3. A person not applying for a pension until 70 years of age to receive 7s. 6d. per week.
4. Must be a British subject.
5. Must give evidence of industry and reasonable providence.
6. Must have been of good moral character, between 55 and 65 years of age.
7. Not to have an income of over 5s. per week.
8. Pension authority. One half local governing authority, the other half representatives of local friendly societies.
9. Applicants must make a statutory declaration.
10. Two-thirds of cost of pension from Imperial exchequer, and one third from local taxation.

(7) Mr. Chamberlain's Scheme (England):

1. Pension age, 65 years.
2. Amount of pension, 5s. per week.



3. Must pay deposit of £2 10s. at 25 years of age, and 10s. a year afterward.
  4. The State to add £10 and 2½ per cent interest.
- (8) Charles Booth's Scheme (England) :
1. Free and universal old-age pensions
  2. Pension age, 65 years.
  3. Amount of pension, 5s. per week.
  4. In 1891 census—1,873,601 over 65 years of age—£13 a year equals 18 millions of money.
  5. Proposes 15 millions to be raised by rates and taxes equally.
- (9) Dr. Edward Everett Hale (United States) :
1. Pension at 70.
  2. Free and universal.
  3. Amount of pension, 8s. a week for each man or woman.
  4. Paid out of State funds.
  5. Raised by a poll-tax.
- (10) Rev. Frome Wilkinson's Scheme (England) :
1. Administered by the district council.
  2. Pension, 5s. per week.
  3. Given at 50 years of age.
  4. Paid to all unable to work.
  5. The unthrifty and worthless to go to the workhouse.
  6. The district council to judge each case.
  7. Pensions from Imperial taxes.
  8. To be derived from ground values, royalties, and graduated income tax.
- (11) Mr. S. Woods' Suggestions (England) :
1. Pension age, 60 years.
  2. Maximum pension, 7s. 6d.; minimum, 5s. per week.
  3. No interference with provision made through friendly or thrift soc etc.
  4. Every wage-earner to pay 1d. per week.
  5. Every employer to pay 1d. per week for each worker.
  6. The State to pay 2d. per week for each worker.
  7. A graduated tax on all private or other incomes at 1 per cent on £300; 2 per cent on £400; and increasing 1 per cent for every additional £100 up to £1,200, and at the same rate for all incomes above.
- (12) Denmark :
1. Pensions at 60 years.
  2. Ten years' residence.
  3. Not been in prison.
  4. Not had poor relief.
  5. One-half of pension paid by State.
  6. One-half paid by communes.

The German plan, tho a sort of compulsory insurance rather than a true old-age pension system, may be of interest in this connection.

Germany (Contributory plan) :

1. Insurance for old-age pensions and invalidity.
2. Compulsory on all incomes under 2,000 marks (equal to \$480)
3. Must pay five years for invalid pay.
4. Must pay 30 years for an old-age pension.
5. Pensions commence at 70 years of age.
6. Premiums range from 2 to 6 cents per week.
7. Equal contributions from employers and employed.
8. The Government adds \$12 a year on each annuity.

A pension or insurance annuity beginning at the age of 70, comes too late to be of much use to most of the contributors; the danger of forfeiture by non-payment of premiums is a grave defect, and the money is taken from those least able to bear the burden.

## IV.

## LEADING EVENTS

*Chronologically Arranged, 1642 to 1902.*

- 1642. Discovery of New Zealand by Tasman at the beginning of the New Zealand summer, December 13th.
- 1769. Capt. Cook's first visit, October 8th
- 1814. Arrival of the English missionaries.
- 1825. First attempt at colonization a failure.
- 1833. British resident appointed to live at the Bay of Islands; arrived 1834.
- 1835. Busby's plan for native declaration of independence and federation of the Maori tribes, under the title of "The United Tribes of New Zealand."
- 1838. Arrival of French Catholic Bishop, Pompallier, with several priests.
- 1840. Arrival of first body of New Zealand Company's immigrants, January 22d.  
Annexation of New Zealand to the British Empire as part of the Colony of New South Wales. Arrival of Capt. Hobson, Lieutenant-Governor, January 29th.  
Treaty of Waitangi, by which the native chiefs accepted British sovereignty with the guaranty of their lands, and the rights of British subjects, February 5th.  
Proclamations of sovereignty over the islands, May 21st and June 17th. English flag hoisted in the Middle Island, August 11th.
- 1841. New Zealand made independent of New South Wales, May 3d.
- 1843. Battle with natives at Wairau, June.
- 1845. War with natives. Destruction of Kororareka by Heke, March 10th.  
Arrival of Capt. Grey as Governor, November 14th.
- 1846. More trouble with natives.  
New Zealand Government Act (first Constitution Act) passed by English Parliament, August 28th, not proclaimed by Grey.
- 1847. Native attack on white settlements at Waunganui, May 19th.
- 1848. Peace with natives, February 21st.  
Suspension of first Constitution Act by England, March 7th.  
Severe earthquake at Wellington, October.
- 1850. Surrender of New Zealand Company's interests to the Imperial Government, July.
- 1851. Ordinance of Governor in Council abrogating the requirement in the Queen's instructions of December 23, 1846, that ability to read and write English should be necessary for municipal citizenship. Power to alter or abolish this qualification had been given by the English statute, c. 5, March 7, 1848.

1852. The present Constitution Act passed by the English Parliament, June 30th. Promulgated by Grey in January, 1853.
1853. Departure of Gov. Grey, December 31st. Wynyard acting Governor.
1854. First session of New Zealand Parliament, Auckland, May 27th.
1855. Severe earthquake on each side of Cook's Strait, January.  
First Representatives elected under system of Responsible Government, November 12th  
Another session of Parliament opened August 8th. Prorogued September 15th.
1856. Appointment of first Ministry under system of responsible Government. Mr. Sewell, Premier, May 7th. Defeat of Sewell's Ministry, May 14th. New Ministry under Fox, May 20th. Defeat of Fox Ministry by majority of one on a direct vote of want of confidence, May 28th. Stafford Ministry, June 2d  
Act authorizing Banking Companies to issue paper currency, July 7th.
1858. Laws of England declared in force in New Zealand, May 28th. Civil Service Annuities Act, August 10th. New Provinces Act passed August 21st.
1860. War with natives, lasting until 1870  
Torrens Title. Registration System (Land Registry Act), Nov. 2.
1861. Discovery of rich deposits of gold at Gabriel's Gully in May, and rush of miners into the country.  
Defeat of Stafford's Ministry by a majority of one on a vote of want of confidence, July 5th. Appointment of Ministry by Fox, July 12th.  
Bank of New Zealand incorporated, July 29th.  
Arrival of Grey to be Governor once more, September 20th.
1862. Defeat of Fox Ministry by one vote, July 28th; Domett Ministry, August 6th.
1863. Whittaker-Fox Ministry, October 30th.  
First railway opened, December 1st, Christchurch to Ferry-mead Junction.
1864. Wellington chosen the capital, October 3d.  
Ministry under Weld, November 24th, the Whittaker-Fox Ministry having resigned.
1865. Weld Ministry defeated by casting vote of Speaker, October 12th. Stafford Ministry, October 16th.  
Postal Savings Banks established, October 30th.
1866. Civil Service classified and guarded, October 8th.
1867. Act to establish Institute for Promotion of Science and Art, October 10th.  
Act to establish four Maori districts and admit four members to the House, October 10th.
1868. Gov. Grey recalled. Grey was the last Governor to take an active part in the Government. After this the real executive was the Prime Minister.

1869. Defeat of Stafford's Ministry on want of confidence vote, June 24th. Fox Ministry, June 28th.  
Government Life Insurance and Annuity Act, September 3d.
1870. End of wars with natives, January.  
Commencement of San Francisco Mail Service, March 26th.  
Vogel's Public Works Policy announced in the House, June 28th.  
Australian Ballot Act. (Elections Act, September 12th.)  
Land Transfer System improved, September 12th.  
Act to establish New Zealand University, September 12th.
1872. Fox Ministry defeated, September 6th. Stafford Ministry, September 10th. Defeat of Stafford on vote of want of confidence moved by Sir Julius Vogel, October 4th.  
New Ministry under Waterhouse, October 11th.  
Public Trust Office established, October 25th.
1873. New Zealand Shipping Company established, January.  
Fox Ministry, March 3d. Resigned, April 8th. Vogel, Premier, April 8th.
1874. Imprisonment for debt abolished, August 22d.
1875. Abolition of Provinces Act, October 12th.
1876. Telegraph Cable completed to New South Wales, February 18th.  
Major Atkinson, Premier, September 1st.
- 1876-7. Grey's Campaign for equal rights.
1877. Atkinson Ministry defeated on vote of want of confidence, October 8th. Sir George Grey, Premier, October 15th.  
National Education Act, November 20th.
1878. Grey's Land Tax passed, October 20th.
1879. Grey Ministry defeated, July 29th, followed by dissolution of Parliament. Grey defeated at polls, October, 3d. John Hall, Premier, October 8th.  
Triennial Parliament Act, December 10th.  
Residential Suffrage Act. Every resident male of 21 to vote, December 10th.
1881. Severe earthquakes in Wellington, June 26th.  
Inheritance Taxes. Deceased Persons' Estates Duties Act, September 24th.
1882. First shipment of frozen meat, February 15th.  
Hall Ministry resigned, Whittaker, Premier, April 21st.
1883. Direct steamship line to England inaugurated, January 26th.  
Whittaker resigned, Atkinson, Premier. Cabinet kept in office, September 25th.
1884. Atkinson Ministry defeated, June 11th. Parliament dissolved, June 27th.  
Atkinson defeated at the polls, and resigned, August 16th; Ministry under Sir Robert Stout; Stout defeated, August 20th; Atkinson Ministry, August 28th; defeated, August 29th; Stout Ministry, September 3d.
1885. State Forest Act, September 14th.  
John Ballance's Land Act, September 22d.

1886. Ballance's Village Settlements.  
Civil Service competitive examinations.  
Volcanic eruptions at Tarawera, June 10th, destroying the famous pink and white terraces.
1887. Stout's Ministry defeated, May 28th. Parliament Prorogued, July 15th. Atkinson Ministry, October 8th.  
Railways put in control of a non-political commission.
1889. One-man-one-vote act for State elections, December.  
Representation Act reducing the number of Representatives in the House from 91 to 70 (not including the 4 Maori Representatives), December 19th.
1890. First election of Representatives under Manhood Suffrage and one vote per capita, December 5th.
1891. Atkinson Ministry resigned, January 24th; and John Ballance appointed Premier.  
Labor Department; Hon. William Pember Reeves appointed Minister of Labor.  
Labor laws; Truck Act passed, August 29th; Factories Act, September 21st.  
Land and Income Assessment Act, September 8th.  
Terms of Senators reduced from life tenure to 7 years. Legislative Council Act, September 17th.  
Premier announced Government policy of direct employment on coöperative plan in place of contractor system.
1892. Death of Major Atkinson, Speaker of the Legislative Council, and previously four times Premier, June 28th.  
Courts of Justice; Technical Defects Removal Act, August 31st  
Labor Laws; Contractors and Workmen Lien Act, October 1st.  
Dairy Industry Act, October 8th.  
Land for Settlements Act, October 8th.  
Land Act, lease in perpetuity, etc., October 11th.  
Land and Income Tax on basis of Assessment Act of previous year, October 11th.
1893. Cheviot Estate bought by the Government, April 19th.  
Death of Premier Ballance, April 27th; appointment of new Ministry under Hon. R. J. Seddon, May 1st.  
Bank Note Legal Tender Act, September 2d.  
Woman Suffrage passed in the Legislative Council by a majority of two, September 8th, and established by Governor's assent to the Electoral Act, September 19th.  
Local Option on Prohibition or License; Alcoholic Liquors Sale Control Act, October 2d.  
Workmen's Wages Act, October 6th.  
First election in which women exercised the suffrage, November 28th.
1894. Bank of New Zealand Acts, June 30th and July 20th.  
Labor laws: Conspiracy law amendment, August 21st.  
Industrial Conciliation and Arbitration Act, August 31st  
Government Advances to Settlers' Act, October 18th.

- Compulsory purchase of land; Land for Settlements Act, October 18th.
- Shops and Shop Assistants Act, the early closing law, October 18th.
- Dairy Industry Act, October 23d.
- Railway Commission abolished; Government Railways Act, October 18th.
1895. Government took management of Midland Railway, May 27th.
- Bank of New Zealand Act, September 4th. Power to purchase any other bank (Sale of Colonial Bank to Bank of New Zealand, October 31st).
- Attachment of Wages Act, September 20th.
- Servants' Registry Office Act, September 20th.
- Family Homes Protection Act, to secure homes for the people and protect them from mortgage or sale for debt, September 20th.
- Pastoral Tenants Relief, October 31st.
- Public School Teachers Incorporation and Appeal Board Act, October 31st.
1896. Hon. W. P. Reeves appointed Agent-General in London, January 10th.
- Rating on Unimproved Value Act, or local option on the "Single-Tax," August 13th.
- Land for Settlements Acts Amended, preference given to landless people, October 16th.
- Abolition of property qualification for State elections, October 17th.
1898. Death of Sir George Grey.
- Municipal Franchise Reform Act, October 15th.
- Old-Age Pensions Act, November 1st.
1899. Sir Robert Stout appointed Chief Justice, June 22d.
- Labor Day established, October 10th.
- Government Accident Insurance Office established, October 21st.
- Employment of Boys and Girls Without Pay Prevention Act, October 21st.
1900. Election Day made a Half Holiday. Electoral Act, Oct. 18th.
- Immigration Restriction Act of 1899 assented to by England; came into operation, August 8th.
- Act increasing number of Representatives from 74 to 80, October 20th. (Including the Maori Representation.)
1901. Universal Penny Postage, January 1st.
- State Coal Mines Act, November 7th.
- Death of Sir John McKenzie, the great land Minister, August 6th.
1902. Premier Seddon in England attending the coronation of King Edward, and the conference of Colonial Premiers and the English Ministry, resulting in agreement upon a policy of consolidating and conserving the interests of the Empire through preferential or discriminating duties.

Railway Workers' Relief Fund, October 3d.

Opium importation penalty raised from \$500 to \$2,500.

State Fire Insurance, the Second Ballot, and Extension of the Referendum, urged by the Ministry and the first and last strongly favored by the House, but further discussion of methods and details decided upon before action.

1903. State Fire Insurance passed by both Houses of Parliament.

Graduated land-tax again increased.

Preferential Tariff in favor of British trade passed the House and expected to pass the Senate as these pages go to press.

## V.

## BIBLIOGRAPHY.

### (A) Early Times and the Middle Period in New Zealand.

*The prices are list prices. In city stores books are often sold at 10, 20 or 25 per cent discount from the list price. English prices are to be translated at the rate of 40 cents to the shilling when books are ordered through an ordinary dealer in this country, for he has to pay 25 per cent duty on foreign books imported into the United States, and he adds a further percentage for special margin or profit. The difference is not so great where the foreign publisher has a house in New York, or the purchaser orders direct from a foreign dealer. An educational or scientific institution can import books free of duty. French and German books, or any books not in English come free.*

1. "THE LONG WHITE CLOUD," by Hon. Wm. Pember Reeves, New Zealand's strongest writer, her first Labor Minister, and now Agent-General for the Colony in London. (Horace Marshall & Son, London, 1898, 430 pp., 6s. American reprint, Wessels, \$3).

A most excellent account of the settlement of New Zealand and of the Maoris and the wars of the whites with them, together with a few comments (in the last 70 pages) on some of the developments during a part of the Liberal period, viz., 1890 down to 1898.

2. "THE COLONY OF NEW ZEALAND," by Wm. Gisborne, an able member of Parliament and Minister in New Zealand in the eighties. (E. A. Petherick & Co., London, 1891, 366 pp., 6s).

A clear account of the Colony down to 1890, valuable for its condensation and the author's accurate personal knowledge of the events of a considerable number of the most important years covered by the book.

3. "HISTORY OF NEW ZEALAND FROM EARLIEST TIMES TO 1845," by R. A. Sherrin and J. H. Wallace. (Brett's Historical Series, Wellington, sold by Truslove & Hanson, 1430 Oxford street, London, 1890; 728 pp., illustrated).

4. "NEW ZEALANDERS ILLUSTRATED," by Geo. French Angas. (Thos. McLean, London, 1846, about 120 pp., 10s 10s).

A magnificent quarto with 60 big plates printed in colors, showing the Maoris and their villages, etc.

5. "Pictorial Illustrations of New Zealand," by S. C. Brees, Chief Engineer to the New Zealand Company. (Ackerman, London, 1847, quarto, 36 pp., plus 21 plates, full of admirable engravings, 3s 3s).

6. "New Zealand After 50 Years," by Edward Wakefield. (Cassell & Co., New York, London, etc., 1889, 230 pp., 7s 6d).

7. "All About New Zealand," a complete record of colonial life. (Simpkin, London, 1875, 2s 6d).

8. "New Zealand, Graphic and Descriptive," by Travers. (Low, London, 1877, illustrated folio, 8£ 8s).

9. "New Zealand Scenery," chromos, imperial folio, Gully & Haast (M. Ward, 1877, 5£ 5s).

10. "History of New Zealand," by G. W. Rusden. (Chapman, London, 1883, new edition, 1896, 3 vols., 45s).

A voluminous and vehement work eulogizing the Maoris and condemning the public works policy.

If the reader is near a good library he may find many other works relating to the early period of New Zealand history. For example, *Tasman's Log*; *Cook's Voyages*; *The Art of Colonization*, by Gibbon Wakefield; *Life of Gibbon Wakefield*, by Dr. Richard Garnett; *Life of George Augustus Selwyn*, by Tucker; *New Zealand and Its Colonization*, by Attorney-General Swainson; *First Years of Otago*, by Dr. Hoskins; *Our Antipodes*, by Mundy, a sketch of things as they were in the first years of Governor Grey; *History of New Zealand*, by Moss; and last, but by no means least, W. P. Reeves' excellent little *New Zealand*, which is not so full an account as that given in his *Long White Cloud*, already cited, but is so brief that a glimpse of the early period may be obtained from it in a single evening.

In addition to the above (especially 1, 3, 4, 8 and 10) those who are interested in the Maoris may consult the *Ancient History of the Maori*, by John White (Low, London, 4 vols., 16s 6d each); *Forty Years in New Zealand*, by J. A. Buller (Hodder, London, 1878, 10s 6d); *New Zealand Past and Present*, by Buller (Hodder, 1880, 3s 6d); and *The Conversion of the Maoris*, by Rev. Donald MacDougall, D. D. (Presbyterian Board of Publication, Philadelphia, 1899, 216 pp., \$1.) A delightful sketch of missionary work among the Maoris, with notes of the author's recent visit of New Zealand cities; also, *New Zealand*, by Rev. Wm. Yate, missionary (Seeley & Burnside, London, 1835, 310 pp.); *Ten Months' Residence in New Zealand*, by Capt. R. A. Cruise (Longmans, London, 1823, 321 pp.); *New Zealand in 1827*, by Augustus Earle (Longmans, London, 1832, 371 pp.); *A Residence in New Zealand, 1831-7*, by J. S. Polack (Richard Bentley, London, 1838, 2 vols., 840 pp.); *Travels in New Zealand*, by Ernest Dieffenbach, M. D. (John Murray, London, 1843, 2 vols., 820 pp.).

General Robley's work on *Maori Tattooing* is of interest; and Hamilton's *Maori Art*; Sir George Grey's *Ancient Traditions*; Manning's *Old New Zealand*; *The King Movement*, by Sir John Gorst; *The Eleven Years War*, by Sir Wm. Fox (an account of 1863-5); the *Life of Te Rauparaha*, by Travers; the *Story of Te Wāhanga*, the King-Maker, by Wilson; *The Journal of the Polynesian Association*, edited by Percy Smith and Edward Tregear; *Comparative Polynesian Dictionary*, by Edward Tregear, and various *Papers on the Maoris* (in pamphlets and in the *Transactions of the New Zealand Institute*, Gov-



ernment Printing Office, Wellington), by Wm. Colenso, the highest living authority on the Maoris.

### (B) The Liberal Period.

1. "STATE EXPERIMENTS IN AUSTRALIA AND NEW ZEALAND," by Wm. Pember Reeves (Grant Richards, London, 1902, 2 vols., 758 pp., \$6).

A series of clear and authoritative studies of some of the progressive laws and institutions of Australia and New Zealand—land and labor laws, preferential voting, woman suffrage, federation, liquor laws, old-age pensions, and exclusion of aliens and undesirables. The book is carefully made up from public records in the light of the author's thoro knowledge of public affairs in Australasia; and is invaluable for the student. Its use, however, is not so easy as it would be if the author had not mixed items relating to New Zealand, New South Wales, Victoria, South Australia, West Australia, Queensland, etc., in the same chapters and even in the same paragraphs without any line of division, so that it is necessary to read and carefully analyze the whole book in order to separate the facts about New Zealand or any other one Colony the reader may be studying. The book does not attempt completeness nor connected narratives. It is a series of separate essays, not a story of cause and effect.

2. "NEWEST ENGLAND," by Henry Demarest Lloyd (Doubleday, Page & Co., New York, 1900, 387 pp., \$2.50).

A most interesting description of some phases of New Zealand progress, dug out of the New Zealand Year Books, Parliamentary Debates and Government Reports, and enlivened with the keen wit and deep sympathies of the writer, together with his personal observations during a visit of some months in 1899. The author did not aim at historic narrative or the development of causes or the sequence of events, but at picturesque description of existing conditions, and some of his pen-pictures are the best that have been written from the standpoint of enthusiastic admiration of New Zealand's system of political fraternalism or mutual help through political agencies.

3. "A COUNTRY WITHOUT STRIKES," by Henry D. Lloyd (Doubleday, Page & Co., New York, 1900, 183 pp., \$1.)

An excellent account of the workings of New Zealand's arbitration law, with an introduction by Wm. Pember Reeves.

4. "OUR FOES AT HOME," by Hugh H. Lusk, formerly a member of the New Zealand Parliament (Doubleday & McClure Co., New York, 1899, 297 pp. \$1.)

A thoughtful discussion of land, taxation, monopoly and government in New Zealand and the United States.

5. "THE PROGRESS OF NEW ZEALAND IN THE CENTURY," Part I to 1870, by R. F. Irvine, and Part II, 1870-1898, by O. T. J. Alpers (Chambers, 1902, 460 pp., 5s).

A book with an attractive title and much interesting matter, but too brief in its treatment of the Liberal period to give any adequate idea of its novel institutions and their effects.

6. "LAND SYSTEMS OF AUSTRALASIA," by Wm. Epps (Chas. Scribner's Sons, New York, 1894, 184 pp., \$1).

7 "AUSTRALASIAN DEMOCRACY," by Henry de R. Walker (T. F. Unwin, London, 1897, 6s).

Interesting, honest, accurate, and valuable for its crisp observations; but the work is very incomplete—in fact, the author made no attempt to go deeply or thoroly into his subject.

8. "RULERS AND STATESMEN OF NEW ZEALAND," by Wm. Gisborne, former Cabinet Officer in New Zealand (Sampson, Low & Co., London, 1897, 323 pp., 5s).

The fairness of the author and his personal acquaintance with many of the men he writes of, make the book invaluable.

9. "Dictionary of Australasian Biography, 1855-1892," by Mennell (Hutchinson & Co., London, 1892, 542 pp.).

10. "PICTORIAL NEW ZEALAND," (Cassell & Co., London, Paris and Melbourne, 1895, 6s).

11. "Climbs in the New Zealand Alps," by F. A. FitzGerald, F. R. G. S. (Scribner's, 1896, 363 pp., illustrated, \$7 50).

12. "Birds of New Zealand," by W. L. Buller (John Van Voorst, London, 1873, 381 pp., splendidly illustrated).

13. "THE AUSTRALASIAN COLONIES," by Edward Jenks (C. J. Clay & Sons, London; MacMillan Co., New York, 1896, 352 pp., with excellent maps, \$1.50).

14. "LE SOCIALISME SANS DOCTRINES," by M. Métin (Paris, 1901).

Brief notes by a French traveler through Australia and New Zealand, a clear and coldly impartial view of recent progress in the South Pacific.

15. "LES NOUVELLES SOCIÉTÉS ANGLO SAXONNES," by Pierre Leroy-Beaulieu (Paris, 1900).

16. THE NEW ZEALAND STATUTES, issued from the Government Printing Office in Wellington. (The Massachusetts State Law Library in Boston has a set that is nearly complete.)

17. "THE NEW ZEALAND HANSARD," or New Zealand Parliamentary Debates, issued from the Government Printing Office at Wellington. (The Congressional Library at Washington has a complete set.)

18. "THE NEW ZEALAND OFFICIAL YEAR BOOK," issued from the Government Printing Office at Wellington, on sale at the store of Eyre & Spottiswoode, Fleet street, London, E. C., 2s; paper, 1s.

19. AWARDS, ETC., OF THE ARBITRATION COURT, 2 vols., issued by the Government Printing Office at Wellington.

20. "NEW ZEALAND LABOR LAWS," a compilation of the labor laws of the Colony (issued under the direction of the Labor Department from the Government Printing Office at Wellington).

21. REPORTS OF THE VARIOUS DEPARTMENTS. Land, Labor, Railway, Education, Post, etc. (Government Printing Office, Wellington).

22. A STATISTICAL ACCOUNT OF THE SEVEN COLONIES OF AUSTRALASIA, by T. A. Coghlan (official statistician of New South Wales).

23. UNITED STATES CONSULAR REPORTS, 1894, 1897, reports by John D. Connolly, United States Consul to New Zealand.

24. "LABOR CONDITIONS IN NEW ZEALAND," 140 pp., by Dr. V. S. Clark, with text of New Zealand Arbitration Act. (Bulletin United States Bureau of Labor, Government Printing Office, Washington, Nov., 1903.)

This looks good, but it has come to hand after our book is on the press, too late for use or even examination beyond a hurried glance before making this note. The source, however, is sufficient guarantee of its value.

The reader may also consult with advantage, Sir Chas. Dilke's *Problems of Greater Britain*, London, 1890; Michael Davitt's *Life and Progress in Australia*, London, 1898; Froude's interesting though inaccurate *Oceana*, London, 1886; Max O'Rell's *John Bull & Co.*, 1894; Delisle Hay's *Brighter Britain*; Todd's *Parliamentary Government in the British Colonies*; Green's *High Alps of New Zealand*; W. P. Reeves' *The Fortunate Isles*; Kirk's *Forest Flora*; Hudson's *New Zealand Entomology*; Von Haast's *Geology of Canterbury and Westland*; and Murray's *Handbook*, the tourist's main reliance, a most excellent little book, with maps and full directions for journeys by rail and water in New Zealand (7s 6d).

#### Some Magazine Articles About New Zealand.

State Experiments in New Zealand, by Sir Robert Stout, *Journal Statis. Soc.*, 1892 (vol. 55/p. 388).

Social Politics in New Zealand, by Sir Julius Vogel, *Fortnightly Review*, Jan., 1893 (59/130).

Homes in New Zealand, *All the Year*, Jan., 1893 (72/40).

Political and Social Reform in New Zealand, by W. P. Reeves, *National Review*, Aug., 1896 (27/834).

Progressive Legislation in New Zealand, by Anton Bertram, *Progressive Review*, Dec., 1896.

Nouvelle Zélande, Enquête Sociale, Politique, Economique, by A. Siegfried, in *Revue Politique et Parlementaire*, Paris, Jan-Mar., 1899.

New Zealand, by Sir Robert Stout, *Contemporary Review*, 1899 (76/539).

Democracy in New Zealand, by W. W. Carlile, *Econ. Rev.*, July, 1899 (9/298).

Newest England, by H. D. Lloyd, *Atlantic*, Dec., 1899 (84/789).

Some New Zealand Experiments, by H. D. Lloyd, *Current Literature*, Dec., 1899 (29/670).

Progress in New Zealand, by Edw. Tregear, *Independent*, July, 1900 (52/1716).

Social and Commercial Aspects of New Zealand, by W. D. Hay, *Journal Soc. Arts*, 31/447.

Playground of the Pacific, by W. C. Macgregor, *Westminster Rev.*, Mar., 1895 (143/319).

Western Sounds of New Zealand, by H. A. Strong, *Good Words*, 26/429.

Wonderland of New Zealand, by C. F. G. Cumming, *Overland*, n. s. 5/1.

Froude on New Zealand, by E. Wakefield, *19th Century*, 20/171.

Dummyism. Report of Lands Committee, *New Zealand, P. P.*, 1890.

Land Laws of New Zealand, by Edward Reeves, *Westminster Review*, 1894 (141/297).

History of Lands Department of New Zealand, in the *New Zealand Mail*, Dec., 1901.

Municipal Life in New Zealand, by Robert Stout, *Open Court*, Oct., 1897 (11/577).

Cities of New Zealand, by M. H. Krout, *Chautauquan*, Aug., 1899 (20/480).

The Referendum in Australia and New Zealand, by L. Tomm, *Contemporary Review*, Aug., 1897.

New Zealand Under Female Franchise, by R. H. Bakewell, *19th Century*, Feb., 1894 (35/268).

Female Suffrage in New Zealand, by Norwood Young, *Westminster Review*, Dec., 1894.

Women's Franchise in New Zealand, by Mark Cohen, in *Sydney, Daily Telegraph*, Dec. 25, 1894.

Why New Zealand Women Got the Franchise, by Edward Reeves, *Westminster Review*, Jan., 1895 (113/35).

Success of Woman's Enfranchisement, by H. H. Lusk, *Forum*, April, 1897 (23/173).

Franchise for Women, *Saturday Review*, Mar., 1899, 87/328).

Local Veto in New Zealand, letters by L. M. Isitt, F. Dolman, and J. T. M. Hornsby, *Westminster Gazette*, Dec., 1897, and May, 1898.

Local Option in New Zealand, by Edward Walker, in *Alliance News*, Eng., Dec., 1898.

The Drink Question in New Zealand, by F. Isitt and E. d'Hesterre, *Australian Review of Reviews*, May, 1902.

Annual Reports of New Zealand Temperance Alliance, Wellington, New Zealand.

See also *Around the World Glance at Temperance Legislation in 1899-1900*, by Joseph Malins, London.

Women in New Zealand, by J. Christie, *North American Review*, April, 1899 (168/500).

The National Council of the Women of New Zealand, annual reports, Christchurch, New Zealand.

See also *The Woman's Journal*, Boston, in which Miss Alice Stone Blackwell, editor, and Mrs. Carrie Chapman Catt, International Secretary, keep a world record of the suffrage movement.

For example, in the issue just at hand (Dec. 12, 1903), Mrs. Catt notes that Tasmania has just conferred the full suffrage on women and gives the latest facts about the movement for equal suffrage in England, France, Germany, Holland, Denmark, Norway and Australia. And Miss Blackwell in a powerful series of articles sums up the results of woman suffrage in Colorado, including the removal of the partisan emblems from the ballot (the nearest approach to an educational qualification for the ballot); the introduction of the indeterminate sentence; the abatement of the smoke nuisance; better regulation of factories; sent for sales girls, non-employment of children under 14, etc., the raising of the age of consent to 18; quadrupling the number of no-license towns, etc., etc.

Visit to the Compulsory Arbitration Court, by H. D. Lloyd, *Outlook*, Dec., 1900 (63/877-9).

The Lesson of Newest England, by H. D. Lloyd, *Outlook*, Feb., 1901 (67/390).

Cures for Coal Wars, by H. D. Lloyd, *Atlantic*, Nov., 1902.

Remedy for Strikes, *Independent*, May, 1900 (52/1274).

Country Without Strikes, *Public Opinion*, June, 1900 (28/813).

Country Without Strikes, by J. A. Ryan, *Catholic World*, 72/145.

A Country Without Strikes, by H. O. Willis, *Nation*, Oct., 1901 (73/259).

Compulsory Arbitration in New Zealand, *Current Literature*, Nov., 1900 (29/513).

Old-Age Pensions in New Zealand, by W. H. Montgomery, *Eng. Review of Reviews*, Nov., 1898.

Old-Age Pensions, by W. H. Montgomery, *Canadian Magazine*, Feb., 1899 (12/296).

New Zealand Poor Law, *Spectator*, 1898 (81/516).

Old-Age Pensions in New Zealand, by W. S. Aldis, *Charity Organization Review*, 1899.

Old-Age Pensions, by H. H. Lusk, *Harper's Weekly*, Aug., 1899 (43/781).

Old-Age Pensions, by H. H. Lusk, *Arena*, June, 1900 (23/635).

The Labor Party in New South Wales, by Sir Henry Parkes, *Contemporary Review*, 1892.

The Labor Party in Queensland, by Anton Bertram, *Contemporary Review*, 1895.

Le Mouvement Ouvrier en Australasie, by Anton Bertram, *Revue d'Economie Politique*, Paris, 1896.

Labor in New Zealand, by E. Reeves, *Westminster Review*, 1895 (144/631).

Industrial Emancipation in New Zealand, by H. H. Lusk, *Outlook*, May, 1899 (62/167).

Solution of Labor Problems, *Independent*, Sept, 1900 (52/2188).

Conditions of Labor in New Zealand, by T. Mann, *19th Century*, 1902 (52/393).

The *Otago Daily Times* and *Wellington Evening Post* are among the best dailies of Conservative view; while the *Auckland Star* and the *Lyttelton Times* are leading Liberal papers. The *Australian Review of Reviews* contains some excellent articles and a monthly summary of events written up from a mildly Conservative point of view. Some of the strongest writing in the labor cause is to be found in the *Sydney Bulletin*, which pays a good deal of attention to New Zealand. See also *The Worker*, the vigorous Queensland labor newspaper. On the other side the *Sydney Morning Herald* and *United Australia* (monthly) may be consulted.

(C) Some of the General Works Referred to in this Book or used in its Preparation.

Buckle's *History of Civilization in England* (Longmans, New York and London, 3 vols., \$6). The most inspiring attempt yet made in the direction of developing the philosophy of history.

Guizot's *History of Civilization in Europe* (Chambers, London, 1856, 1 vol., 2s 6d, or Bohn, 3 vols., 10s 6d).

Mulhall's *National Wealth and Industries* (Longmans, New York and London, 1896, 464 pp., 8s 6d).

Mulhall's *Dictionary of Statistics* (Geo. Rutledge & Sons, London and New York, 1899, 860 pp., 21s). The leading statistical authority of the world.

*The Distribution of Wealth*, by Chas. B. Spahr, Ph. D. (Crowell, New York, \$1.50). A most excellent book on this difficult subject.

"*The City for the People*," by Prof. Frank Parsons, Ph. D. (C. F. Taylor, Equity Series, Philadelphia, 3rd edition, 1902, 704 pp. Cloth, \$1; paper, 50 cents).

The most complete discussion that has yet appeared of public ownership, the initiative and referendum, municipal home-rule, and the best means of overcoming political corruption.

*Proportional Representation*, by Prof. John R. Commons (Crowell, New York, \$1.75).

The leading authority on this vital topic, written in a clear and masterly style.

*Direct Legislation by the Citizenship Through the Initiative and Referendum*, by J. W. Sullivan (Twentieth Century Publishing Co., New York, 1902, 120 pp.; paper, 25 cents). This crisp account of the development of direct legislation in Switzerland started the State and national referendum movement in America.

*By the People*, by Eltweed Pomeroy, A. M., President National D. L. League, and editor of the *Direct Legislative Record*, Newark, New Jersey, 116 pp.; paper, 25 cents. This valuable book, besides Pres. Pomeroy's argument, contains endorsements of the initiative and referendum, from more than 75 leading men and women of various countries, with portraits of nearly all the contributors.

*The Referendum Number of the American Federationist*, by George H. Shibley, Chairman National Non-Partisan Federation for Majority Rule, Washington, D. C. (Published by the American Federation of Labor, 80 pp.; paper, 10 cents.)

*Suggestions on Government*, by S. E. Moffett (Rand, McNally & Co., Chicago, 200 pp.; paper, 75 cents). Very thoughtful and suggestive.

*Direct Legislation*, by Prof. Frank Parsons (C. F. Taylor, Equity Series, Philadelphia, 1900, 173 pp., 25 cents). The most complete analysis of the arguments for and against the referendum, and the strongest discussion of the fundamental philosophy of the subject.

*Municipal Monopolies*, a series of papers by Professors Bemis, Commons, Parsons, and others, edited by Prof. E. W. Bemis (Crowell & Co., New York, 1899, 691 pp., \$2).

Issued in Prof. R. T. Ely's Economic Series and recognized as a leading authority in its field.

*American Municipal Progress*, by Prof. Chas. Zueblin (MacMillan, New York, 1902, 380 pp., \$1.25, net). A very useful book by a very wide-awake professor of sociology.

*Encyclopedia of Social Reform*, by W. D. P. Bliss, and a large number of contributors (Funk & Wagnalls, New York and London, 1897, 1432 pp., \$7.50.) A reference book of great utility to the student of social progress.

*The Land Question from Various Points of View*, by a number of writers (C. F. Taylor, Equity Series, Philadelphia, 1898, 246 pp., 25 cents.) The discussions of land monopoly and John Stuart Mill's proposals for facilitating the gradual absorption of the unearned increment by society, are of special interest.

*Rational Money*, a Discussion of the Multiple Standard, by Prof. Frank Parsons (C. F. Taylor, Equity Series, Philadelphia, 1899, 180 pp., 25 cents.) As most people are really more ignorant of monetary science than of any other vital subject except physiology and hygiene, it may be well to quote a paragraph containing a hint of the meaning of "Rational Money."

"A national currency intelligently controlled in the interests of the whole people and carefully regulated in reference to the true commodity basis, the real constant of exchange, by means of the *Multiple Standard* in such a way that the dollar, or monetary unit, shall remain substantially constant in its purchasing power from month to month and year to year, representing always the same average amount of commodities and services and giving to its possessor at all times the same average command over the world of purchaseable things, to the end that both the unjust gains and the ruin that accompany the rise and fall of money values may be abolished, and wealth be given to industry rather than to speculation."

*Social Evolution*, by Benjamin Kidd (MacMillan & Co., New York, 1894, 348 pp., \$1.50).

*The New Right*, by S. M. Jones, Mayor of Toledo (Eastern Book Concern, New York, 1899, 479 pp.). A book of life and progress right from the heart of one of the most remarkable men of the time.

"*Monopolies and Trusts*," by Prof. Richard T. Ely, Ph. D., LL. D. (MacMillan Co., New York, 1900, 278 pp., \$1.25). A clear analysis by the most popular economic writer in America.

*The Trust Problem*, by Prof. J. W. Jenks (McClure, Phillips & Co., New York, 1900, 281 pp., \$1). A strong book by a strong writer, whose engagement as expert adviser by the United States Industrial Commission was not only a just tribute to his ability, but the means of affording him special opportunities for investigation of the trust problem.

*The Organization and Control of Industrial Corporations*, by F. E. Horack, A. M., Ph. D. (C. F. Taylor, Equity Series, Philadelphia, 1903, 207 pp., 25 cents.) A very thoughtful and helpful treatment of one of the most important problems of our day, and one which has not been solved in New Zealand, the United States, or any other country, tho in many countries, and especially in the United States, its solution is of the most pressing moment. We are very successful in the organization of industrial corporations to control the Government, but not so successful in organizing the Government so as to control industrial corporations.

*The Century Dictionary Atlas*, with its splendid maps and reference methods which enable one to find in a moment any place in New Zealand, or any other country in the world.

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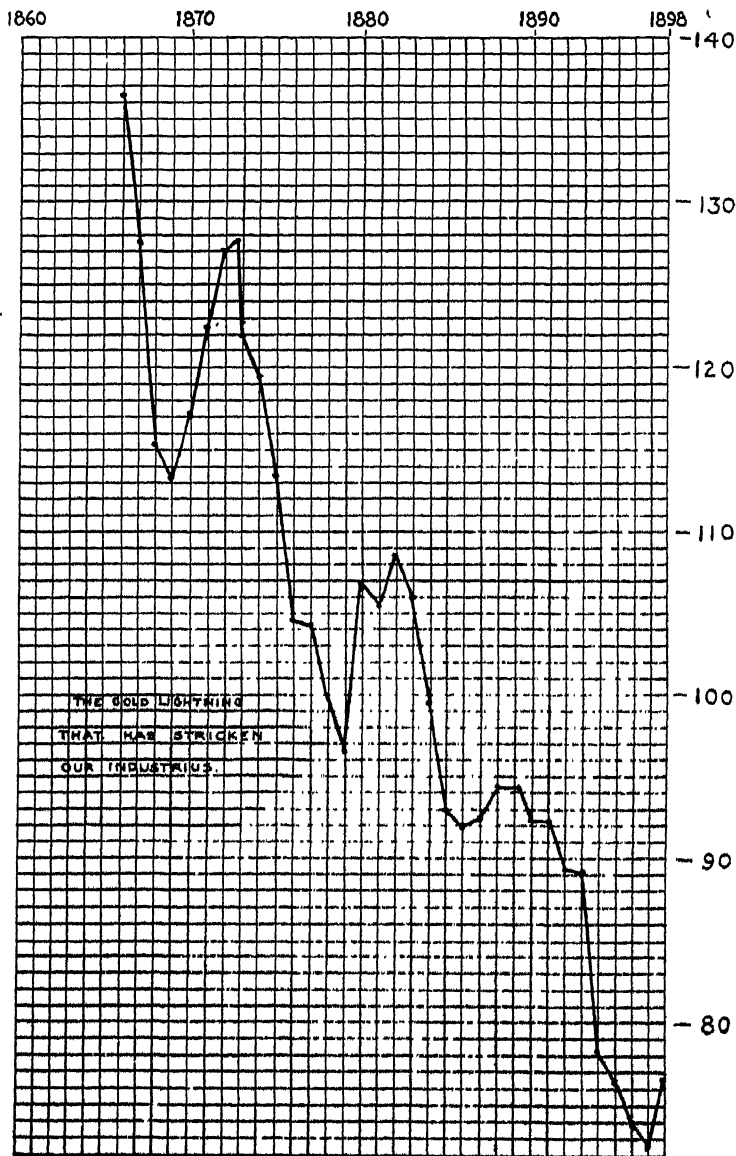
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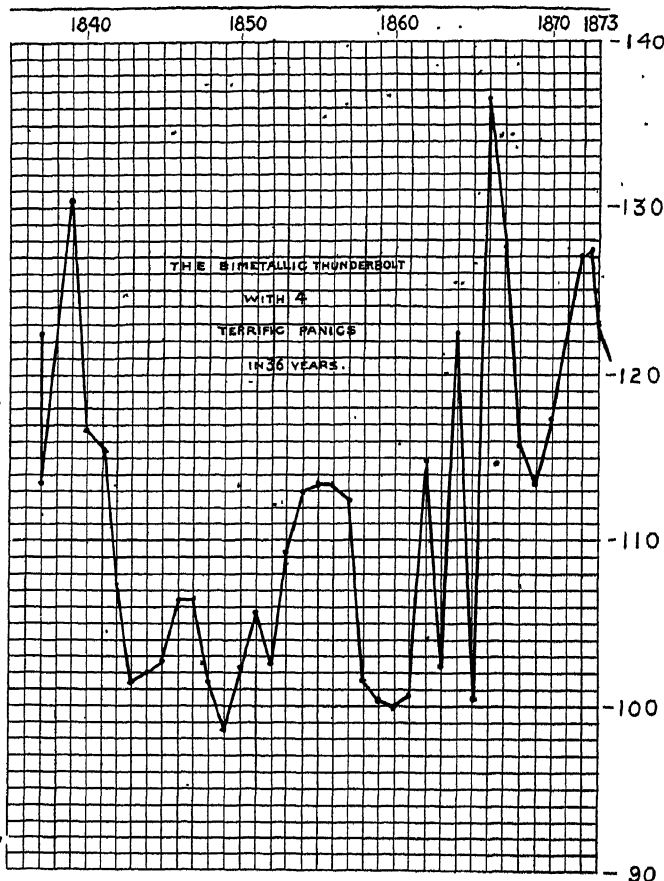


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Since 1873 the chain lightning of prices has been golden (see cut on page V), before that time it was bimetallic (as shown in this cut). Neither of these monetary thunderbolts appear to have much affection for the safe and honest horizontal.

### PRICE LINE 1837-1873 BIMETALLIC PRICES

ALDRICH DATA 1840-1873.-1837-1840 BROAD ESTIMATE FROM  
DATA OF WM G. SUMNER & MULHALL'S CITATIONS.



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("Rational Money" from which these pages are taken, is published in "Equity Series," 1520 Chestnut St., Phila. Paper, 25 cts. See book list opposite the title page of this volume.)



















